

# Personal tax checklist

- 2018/19 Information needed for your tax return
- 2019/20 Key things to think about before 5 April 2020
- Key tax dates for your diary



# Looking back: 2018/19

## Information we need for your 2018/19 tax return

### 1. Personal circumstances

It is useful to be aware of any changes to your personal circumstances before they occur so that the financial and tax implications can be discussed. If this is not possible, notify us of any changes in your tax return details, including:

- contact details
- status – co-habiting, married, separated, divorced, civil partner
- the birth or adoption of any children (including names and dates of birth)

### 2. Child benefit

Let us know of any amounts received by you or another parent/carer in the tax year in respect of a child you look after, including the start and end dates of a claim. We will also need the names and dates of birth of any children for whom child benefit has been claimed.

If you are entitled to child benefit, but receiving it would lead to a full tax clawback arising on you or your partner, we would usually advise that you (or your partner) claim and then elect not to receive the child benefit. Claiming can be important for NIC credits. The tax charged only relates to the actual amounts received, not the entitlement.

### 3. Marriage allowance

If your husband/wife/civil partner qualifies for marriage allowance, please let us know if you have agreed for £1,190 of the personal allowance of your husband/wife/civil partner to be transferred to you for the 2018/19 tax year.

Please note that if you are employed HMRC will give you the extra allowance by changing your tax code for the tax year. If you are self-employed HMRC will give you the extra allowance when you submit your tax return.

### 4. Tax repayments

HMRC now prefers to pay any tax repayments directly into a UK bank account where possible. If this is your preference too, we will require the details of the account into which you would like any repayment to be made, including:

- account holder name
- bank or building society
- sort code
- account number

However, if you used a debit card to make your original tax payment, HMRC would automatically try to repay using the relevant debit card first.

### 5. Notices of coding

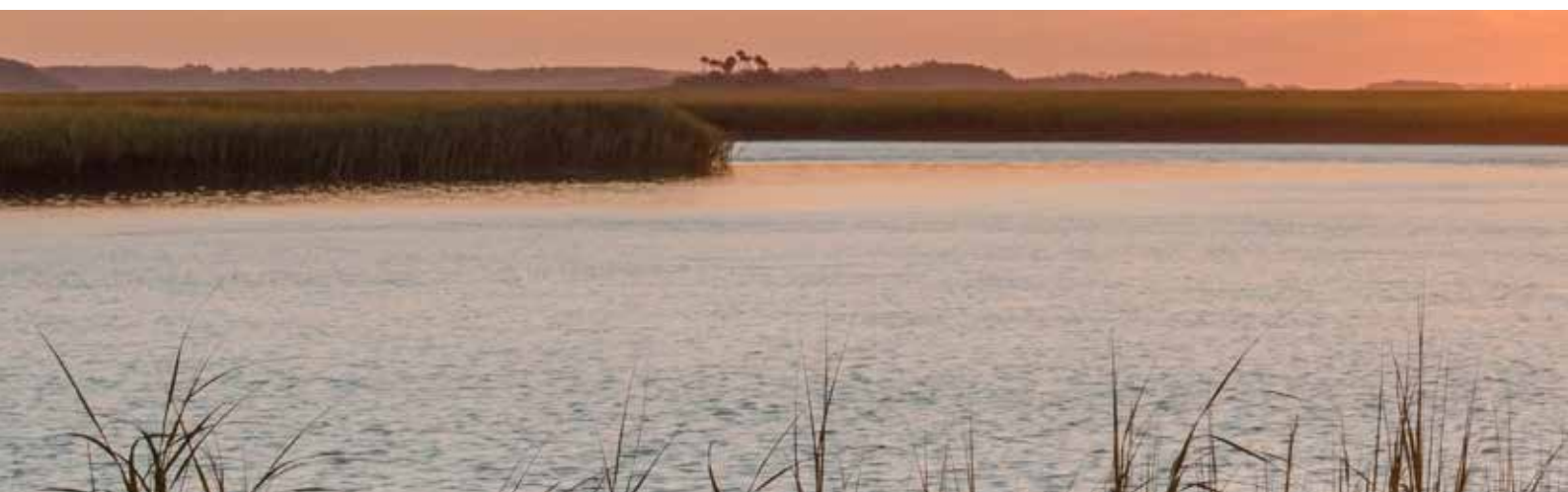
HMRC no longer send agents a copy of your PAYE coding notices. Therefore, please forward any notices you may receive to us.

### 6. Outgoings

Have you made any of the following payments in the tax year?

- Charitable donation under the gift aid scheme
- Contributions to any pension scheme (as either an employee or self-employed)
- Seed enterprise investment scheme (SEIS)
- Enterprise investment scheme (EIS)
- Venture capital trusts
- Loan interest

We will need certificates or receipt schedules for any payments made. For SEIS and EIS investments, you will receive a form SEIS3 or EIS3, respectively, from the company. This will need to be sent to us before a claim for tax relief may be made on your return.



## 7. Capital Gains Tax

We will require details of:

- acquisitions and disposals of chargeable assets (including sales of chattels and cryptocurrency) during the year or your broker's year-end tax summaries (excluding any Smith & Williamson portfolios)
- repurchases of shares between 6 April and 5 May 2019
- shares that have become negligible in value
- lost or destroyed assets (including details of any insurance payments received)
- benefits or distributions received from a non-resident trust
- shares sold, which were acquired under options awarded in connection with an employment exercised under either:
  - an unapproved or enterprise management incentive (EMI) share option; or
  - an approved share option scheme where you have paid income tax
- a sale of your main residence, together with details of the amount of land included in the sale and the dates the property has been occupied, to check whether private residence relief is available.

## 8. Offshore reporting funds

Have you invested in any offshore reporting funds? If so, please confirm with your investment manager whether or not there is any Excess Reportable Income (ERI) to report that is not already declared in your tax pack and provide us with the details.

## 9. Disclosures

Have you entered into any scheme or transaction where a tax advantage is gained and the arrangement is notifiable to HMRC? If so, the promoter of the scheme or transaction will have provided you with a reference number and the tax year details, which need to be shown in the tax return.

## 10. Pre-owned asset tax charge

Have you given away an interest in land, buildings, chattels or settled assets into trust – other than land or chattels from which you continue to benefit? Or do you receive a benefit on an asset derived from a previous gift? If so, please advise us.

## 11. Life insurance policies

There may be a tax charge to report on your tax return if you make withdrawals from your life insurance policies each year, surrender the policy in whole or in part, the policy matures or the insured person dies. Should any of these events occur, we will need to see a chargeable event certificate, which your insurance company is required to produce.

## 12. Mis-sold PPI compensation receipts

We will need to know the details of any amounts paid to you in connection with PPI. The compensation receipts may or may not be taxable, but any interest receipts will need to be reported on your tax return.

## 13. Redundancy, payments in lieu of notice and payments under compromise agreements

If your employment ceased, you may be in receipt of additional payments from your employer. We will require full details of the amounts paid and copies of any agreements signed, so that we can determine if the income is subject to tax.

We will also need to be advised of any payments, benefits in kind or assets received from your employer after your employment ended, where they have not been notified on your P45 or on a form P11D (return of benefit in kind) that has been supplied to you. Your employer is not obliged to provide you with a P11D, prepared after you have left, unless you specifically request it.

## 14. Student loan

Please let us know if you have an income contingent student loan and the Student Loan Company (SLC) has notified you that 'repayment' commenced before 6 April 2019 and whether it is a Plan 1 or 2 loan.

## 15. Scottish taxpayer

If you are a Scottish taxpayer the amount of income tax that you pay on your non savings and non dividend income could differ. If this potentially applies to you, for example if you or your family had any place of residence in Scotland during the year, please let us know.

## 16. Miscellaneous and new sources of income

Send us the details of income, outgoings, capital payments, receipts or any other information which you consider to be relevant to your tax affairs.



# Looking ahead: 2019/20

## 1. 45% tax and loss of personal allowance

The highest rate of tax remains at 45%, applying to individuals with total income over £150,000. Personal allowances are tapered for individuals with income between £100,000 and £125,000 (2019/20), giving an effective tax rate in this band of 60%.

The following can help reduce taxable income:

- Making pension contributions or charitable gift aid payments.
- Transferring income-generating assets between spouses/civil partners if possible.
- Using tax-free investments and/or tax efficient investments.
- Investing in assets which generate capital growth rather than income.
- Altering the timing of income to maximise use of lower rate bands.

## 2. Tax-free/tax-efficient investments

There are various tax-free and tax-efficient investments available. For independent, fee-based advice on whether any of these investments are suitable for you, we can put you in touch with a contact in our financial services team.

- Consider making tax-free investments through ISAs or National Savings.
- The help to buy ISA for first time buyers provides those who save up to £12,000 toward their first home with a further 25% government bonus. For every £200 a first time buyer saves, the government will provide a £50 bonus, up to a maximum of £3,000.
- Make use of the annual ISA subscription (2019/20 limit £20,000). Consider Junior ISAs for children under 18.
- Enterprise Investment Scheme (EIS), Seed Enterprise Investment Scheme (SEIS) and Venture Capital Trust (VCT) investments provide tax shelter/deferral incentives.

## 3. Pension contributions annual allowance

Pension contributions are still a tax-efficient way of saving for retirement, with tax relief given at your highest marginal rate of income tax. Tax relief is restricted to the lower of your annual allowance, or your net relevant earnings.

It may also be possible to take advantage of your unused annual allowance from the three previous tax years.

This is a complex area as pensions are subject to a lifetime cap as well as potential restrictions for higher earners, so you should get specialist advice before making any contributions.

## 4. Savings income

Individuals have a starting rate band of £5,000 for savings income (subject to total income), and £2,000 for dividend income. Savings and dividend income falling within these bands is taxed at 0%.

Separate to the starting rate savings band, a personal savings allowance is available to basic and higher rate taxpayers but not to additional rate taxpayers. The allowance is £1,000 per year for basic rate taxpayers and £500 per year for higher rate taxpayers. Spouses and civil partners should review who holds any taxable savings.

## 5. Charitable donations

Gift aid donations to charity give tax relief at your highest marginal tax rate. Any cash donations made before 31 January of the following tax year, or the date of the submission of your tax return if earlier, can be carried back to the previous tax year. Cash donations made before both 31 January 2020 and the submission of your 2018/19 tax return can be included on to your 2018/19 tax return.

Spouses should ensure that any charitable donations are made by the spouse with the higher income to maximise income tax relief.

Individuals can gift quoted shares or an interest in land to a charity. This has the advantage of income tax relief being available on the market value of the asset as well as the disposal being exempt from Capital Gains Tax.

## 6. Capital Gains Tax

Subject to the availability of any reliefs, Capital Gains Tax is currently charged at either 10% or 20%, depending upon the marginal rate for the year of disposal, for all gains above the annual exemption (currently £12,000 in 2019/20 for individuals). Rates of 18% and 28% apply on gains arising on the disposal of investment residential properties.

Non-resident individuals and trustees selling UK land (directly or indirectly) may be required to file a return and pay any Capital Gains Tax within 30 days of the sale. The requirement to file a return may still apply even where no capital gain arises. From 6 April 2020, these rules will also apply to UK residents disposing of UK residential property at a gain.

Consideration should be given to selling assets at a gain to use your annual exemption. Assets could also be transferred between spouses where appropriate to maximise reliefs available.

Consideration should also be given to selling any assets which stand at a loss if you have large capital gains and also making a 'negligible value' claim on assets which currently have no value.

Both tax and investment advice should be taken in advance.

## 7. Making Tax Digital (MTD)

The Chancellor confirmed in the Spring Statement that the Government will not be mandating MTD for any new taxes or businesses in 2020, in order to focus on supporting businesses that are adopting MTD for VAT.

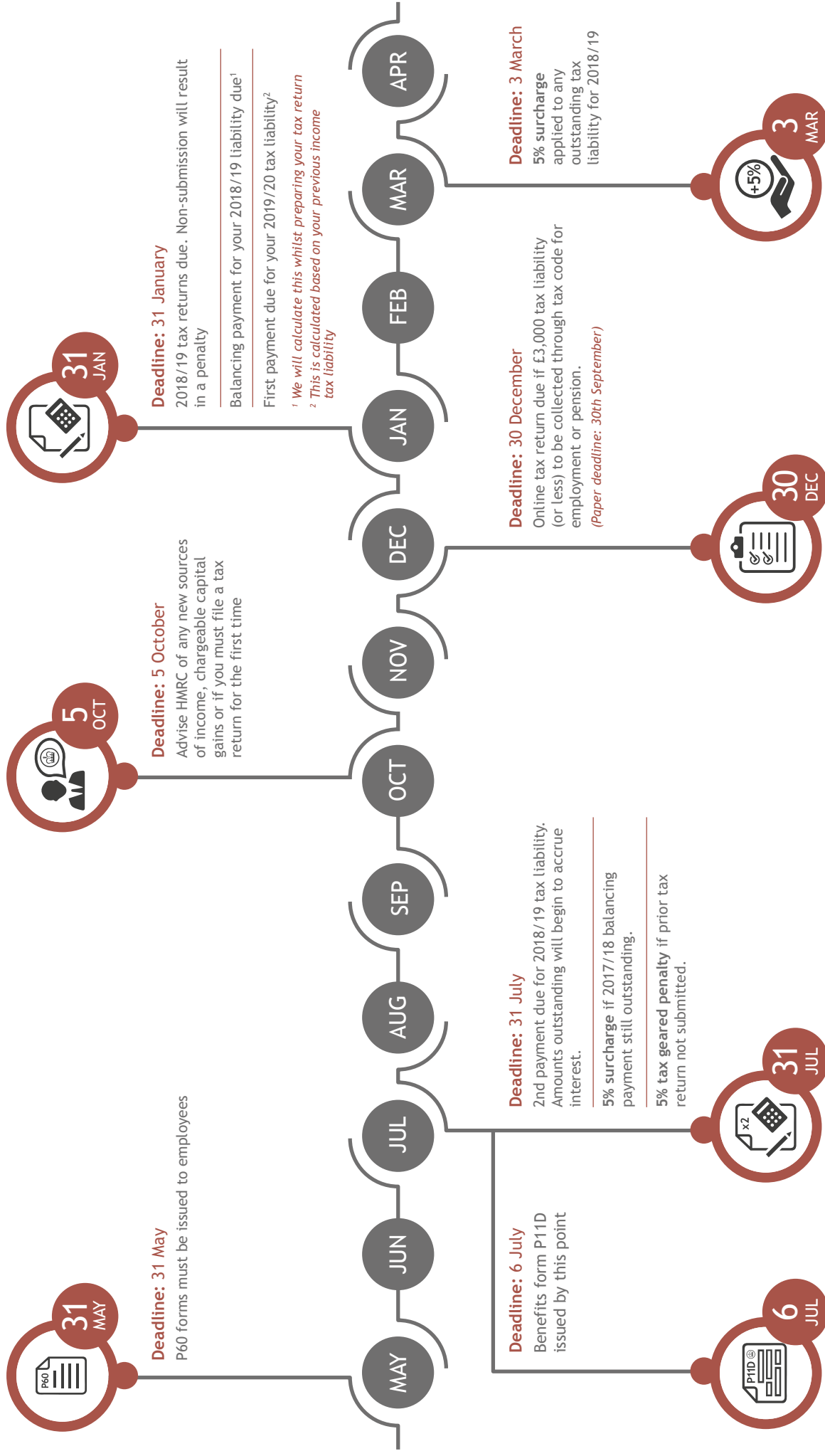
## 8. Trusts

Trustees may want to review whether distributions should be made before 5 April 2020.

Trustees may also wish to give consideration to the Capital Gains Tax annual exemption to determine whether any assets should be sold in the tax year.

# Key tax dates for your diary

To help you meet your UK tax obligations, here is a snapshot of some key tax dates and deadlines. Failure to comply with the deadlines below is likely to result in unnecessary penalties, surcharges and interest becoming payable.



<sup>1</sup> We will calculate this whilst preparing your tax return

<sup>2</sup> This is calculated based on your previous income tax liability

# Private client services

## Tax and trusts

As well as offering a full compliance service, we provide specialist advice on succession planning, family business transactions, international taxes and the long-term planning of family finances. Clients include entrepreneurs, business owners and senior executives, as well as landowners and their families

## Investment management

Our core investment management service is the active management of bespoke discretionary portfolios. We have over 170 qualified investment professionals looking after the needs of global and domestic private clients, families, trustees, charities and smaller institutions.

## Pensions and personal financial planning

Our expertise includes bespoke financial planning, personal financial management and counselling, personal pension provision, inheritance tax advice, tax-efficient investments, insurance and protection issues, and personal financial modelling.

## Fund management

With a growing boutique fund management business, we are dedicated to achieving competitive fund performance for intermediaries and their clients. Our onshore and offshore regulated funds cover equities, fixed interest, bonds and cash.

## International

Our specialists based in London and Jersey provide international solutions for tax, investment management, assurance, settlements and custody to a range of private clients and trustees.

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## Trustee and executorship service

We act as trustees for a wide range of family, charitable and corporate trusts, and as executors of deceased persons' estates through Smith & Williamson Trust Corporation Limited, which is a member of the Association of Corporate Trustees. Appointments range from small trusts with a single asset to portfolios for landed estates and family offices.

## Tax investigations

Our specialist team helps individuals and businesses faced with in-depth tax enquiries. Our capabilities include the contractual disclosure facility, offshore compliance, personal and corporate tax investigations and any dispute with HMRC over back taxes, or the production of information and documents.

## Private banking

We provide a relationship-led banking service to private clients, family and charitable trusts, and corporate clients.

## Strategic advice

Our heritage in working with families across their personal and business affairs enables us to offer clients a rounded perspective as they address long-term considerations. This includes advice on family governance, setting up family offices and preparing the next generation.

We also offer a range of business services including accounts, business tax, corporate finance and restructuring and recovery.

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