

Wendy Hodgson FCA
Martin Pierce FCCA



28 Landport Terrace
Portsmouth
PO1 2RG



SPRING

ALSO ON OUR
WEBSITE
www.davidbailey.co.uk

Tel : 023 9282 4242
E-mail info@davidbailey.co.uk

NEWSLETTER

SELF-EMPLOYED & PROPERTY OWNERS - QUARTERLY TAX RETURNS

From **6 April 2026**, any **Sole-Trader** or **Property Landlord** with Turnover of more than **£50,000 pa** will have to keep **digital** accounting records and file **four** quarterly online Returns plus an annual online Tax Return direct to HMRC via approved accounting software. (Partnership Income is not included in these new rules)

HMRC will be sending out letters next month to individuals they expect to be caught by these new rules (based on their 2023-24 Tax Returns) to warn them what is coming.

For those effected, we **recommend** that if you are not currently using accounting software or a very robust spreadsheet method to record your business transactions you should look into this over the next 6 months so the transition is as pain free as possible. We are here to help you if you have any questions and need software recommendations and guidance.

EMPLOYERS NATIONAL INSURANCE

From **6 April 2025** Employers paying National Insurance on their employees wages will see an increased rate of 15% on earnings above £5,000 p.a. To compensate for this increase the annual Employment Allowance is being increased to £10,500 p.a. except for single Director Companies. There is no increase in the employees national insurance rates.

If we provide you with payroll services we will be giving you a report in your SAGE Payroll portal that will estimate the changes for your annual employers national insurance costs.

NATIONAL LIVING & MINIMUM WAGE

From **April 2025** employees minimum wage rates are as follows:

- * Over 21 the rate increases to **£12.21** per hour
- * Over 18 the rate increases to **£10.00** per hour
- * First-Year Apprentices and under 18 the rate increases to **£7.55** per hour



BOOST YOUR STATE PENSION

You can pay voluntary National Insurance contributions to fill gaps in your contribution records for the past six years to ensure you have enough qualifying years for state pension entitlement. **Until 5 April 2025** there is an extra 'transitional arrangement' for men born after 5 April 1951 and women born after 5 April 1953 to make up for gaps between tax years 2006/07 and 2018/19.

You can check your National Insurance record on your Personal Tax Account which you can set up or login at www.gov.uk/personal-tax-account.

HIGHER RATE TAXPAYERS - For 2024-25 & 2025-26

- ◆ Taxpayers with a total income exceeding **£100,000** per year will gradually lose their Personal Allowance of £12,570 until their income reaches £125,140 when the allowance disappears, increasing their annual tax bill by up to £5,000.
- ◆ Taxpayers with total income exceeding **£125,140** per year will pay 45% tax on their income over this limit. There may be some planning possibilities with the use of companies and pension contributions, depending on individual circumstances, which Wendy or Martin will be pleased to review with you.
- ◆ If a taxpayer or their partner receives **Child Benefit**, and either of them has an annual income above £60,000 they will not be entitled to the full Child Benefit and they will have to repay all or part of the benefits through the self assessment tax system, unless they cancel the benefit. With income between £60,000 and £80,000 it will still be beneficial to receive the benefit and make the sliding scale repayment. More information is available at www.hmrc.gov.uk/childbenefitcharge. Please note we will require Child Benefit details if we complete your personal **Tax Returns**.

INCREASE IN CORPORATION TAX RATES

For Limited Companies a higher tax rate of 25% now applies on taxable profits exceeding £250,000 with a 19% rate on profits below £50,000. The profits between the two limits will be taxed at a marginal rate of 26.5%. You may therefore want to consider the use of pension premiums and capital equipment purchases before your year-end to help reduce the marginal tax if your profits are in this band.

CAPITAL GAINS AND RESIDENTIAL PROPERTY SALES



The Annual Exemption Allowance is now £3,000 for 2025/26 and future years.

If Capital Gains Tax is payable on a residential property sale, the calculation has to be submitted online to HMRC and any tax paid within **60 days** of the sale completion date.

In order to deal with this you will need to:

- ◆ Set up a Personal Tax Account with HMRC at www.gov.uk/personal-tax-account
- ◆ Create a Capital Gains Tax UK Property Account and reference at www.gov.uk/report-and-pay-your-capital-gains-tax using your Personal Tax Account.

Once you have your reference number we will be happy to help you prepare and submit the online Return.

DIRECTORS & EMPLOYEES ELECTRIC CARS



It can be beneficial to have a car in your company as long as it has a very low CO² level or is electrically powered. Up to 6 April 2025 there is a 2% taxable benefit charge for electric cars increasing by 1% in each subsequent year. Hybrid plug-in vehicles will have a benefit between 2% and 14% of list price dependant on electric mileage range which is also increasing by 1% p.a. each year.

Hybrid vehicles with a low mileage range are therefore becoming **less** attractive as the benefit charge is increasing and you can only claim capital allowances on the cost at 18% p.a. of written down value.

Please also be aware that Road Fund Tax is going to apply to electric and hybrid cars from April 2025.

FOREIGN INCOME

Please be aware if you are resident in the UK you have to declare your **worldwide** income, which includes savings income and rents arising on properties owned abroad. The Taxman is more aware of foreign assets and income nowadays and is chasing more aggressively with significant penalties for incorrect Tax Returns.



This Newsletter is a brief synopsis of matters which may affect you as we approach another tax year end. If you would like to discuss any of these items in more detail and their effects on you personally, please do not hesitate to call us. If you do not want to receive our newsletters in the future please contact us and you will be removed from this mailing.