



Small Tax Saving Tips 2022-2023

Here is a reminder of small tax savings you may wish to consider over the coming year. Whilst the individual savings may seem small, they can add up, especially if claimed every tax year and by each director (where permissible).

Staff parties

Your company can spend **up to £150 per head per tax year** on annual events that are available to all directors and employees. The event must be annual, for example Christmas party or summer lunch, and the cost must not exceed £150 per attendee. You can hold several events provided each one is an 'annual event' and all staff are invited. Spouses and partners can be included as attendees and therefore you can budget for £300 per couple within the concession. You should not exceed the limit of £150 per head otherwise the whole amount will be taxable as a benefit in kind.

<https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim21690>

Trivial benefits

A close company can pay trivial benefits to a director or employee, or a member of their family, up to a maximum of **£300 per tax year per director/employee**. Each benefit must cost no more than £50, must not be cash or exchangeable for cash, and must not be a reward for services or in any way obligatory. Note that if the benefit exceeds £50, the full amount is taxable, not just the excess over £50. This may not seem worth the effort but could save tax and NI of £167 pa for each director who is a higher rate taxpayer (assumes 6 benefits of £50 each paid).

<https://www.gov.uk/government/publications/tax-exemption-for-trivial-benefits-in-kind-draft-guidance/tax-exemption-for-trivial-benefits-in-kind-draft-guidance>

Mobile Phone

If you arrange for your **phone contract** to be in the company name, rather than your personal name, then the company can pay for the full ongoing costs. No deduction required for personal use, although you need to be using the phone for business.

Eye test

If you regularly use a computer for business the company can pay for the cost of an annual eye test. Glasses that are prescribed specifically for VDU use, and which are not used for any other purpose, may also be claimed, or paid for by the company.

Annual medical check-up

The company can pay for the cost of one annual health check or screening for a director or employee per tax year.

Pension advice

The first £500 of the cost of seeking pension advice may be paid by or claimed from the company.

Marriage allowance



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If you are married or in a civil partnership and your income falls within the basic rate band of £12,570 and £50,270, and your partners income is less than £12,570, then your partner may transfer up to £1,260 of their personal allowance to you, which is worth £252 in tax savings. The person with the lowest income should make the claim online. You can backdate a claim **up to 4 years**. Once a claim has been made it will automatically renew each tax year until either you **cancel** it, or the marriage ends. Those earning above £11,310 but below £12,570 can still transfer £1,260 of allowance but will themselves become liable to pay tax on the income over £11,310. The partner still makes a tax saving of £252, but any extra tax paid by them will reduce the overall savings made. <https://www.gov.uk/marriage-allowance> and <https://www.gov.uk/apply-marriage-allowance>

Employment allowance

If most of your work is not for Public Sector clients and you have two directors/employees each earning a salary of least £9,100, or one employee who earns at least £9,100, then you may be entitled to claim the Employment Allowance. If your only income during the year is under IR35 you cannot claim. This allowance gives relief for **up to £5,000 of Employers NI** due by the company. Competex can arrange to recover this for you. If you think you may be eligible and have not yet made a claim, please let us know. Note that you can make a claim for prior years in which you think you were eligible (up to 4 years after the end of the tax year in which the allowance applies). <https://www.gov.uk/government/publications/employment-allowance-more-detailed-guidance/eligibility-for-employment-allowance-further-employer-guidance>

Child benefit

If you or your partner are in receipt of child benefit you may wish to retain your taxable income **below £50,000** if possible. This would avoid the child benefit tax charge which arises when one of you earns more than £50,000 (child benefit is completely withdrawn if either of you earn £60,000 or more). Taxable income is all salary, interest and dividends that are taxable less relevant deductions such as personal pension contributions and GiftAid. <https://www.gov.uk/child-benefit-tax-charge>

Dividend allowance

An individual may receive dividend income of **up to £2,000** tax free in 2022/23.

Pension contribution

You can make contributions directly from the company into a personal pension plan without any restriction to the amount of salary you have paid yourself, provided you have sufficient pension allowance available (please check this with your financial advisor before making any payment). These contributions are fully deductible against company income, which can make them a very tax efficient method of extracting funds from the company.

Small trading receipts

A few years ago, a new £1,000 allowance for small trading receipts and property income was introduced. The £1,000 applies to each type of income so you can potentially be exempt from paying



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tax on the first £2,000 of such income. Restrictions apply so please consult with your personal tax advisor or refer to the following for more information.

<https://www.gov.uk/government/publications/income-tax-new-tax-allowance-for-property-and-trading-income/income-tax-new-tax-allowance-for-property-and-trading-income>

For more information on any of the above please contact your accountant at Competex.