Six tax-saving tips for your business...

The good news is that tax doesn’t have to be a burden on your business. Nicola Bliss ACCA of Stephenson Smart offers some tips on how to get your taxes working for you...

1. **Choose the best structure for your business**
   Choosing the most suitable structure for your business can have a significant impact on the amount of tax you are liable to pay, and each trading structure has its own advantages and disadvantages. For example, while it may be beneficial to operate as a sole trader or partnership in the early years, you may wish to consider trading as a limited company as your business becomes successful and profits increase. Making the right choice will benefit your business in the short, medium and long term, so do contact us to discuss your individual circumstances.

2. **Profit from any losses**
   It may be possible to turn any losses around and carry them forward to use against any future profits. Alternatively, you could set them against other sources of income in order to obtain immediate relief.

3. **Claim tax deductible expenses**
   Delays in expenditure may not necessarily be in the best interests of your business. Generally, it’s better to incur expenses just before the end of your accounting year (rather than after) as you’ll be able to obtain relief for those expenses one year earlier.

4. **Utilise capital allowances**
   By reviewing your capital expenditure, you may be able to maximise any claims you wish to make for capital allowances. Many businesses are now able to claim a 100% Annual Investment Allowance (AIA) on the first £200,000 of expenditure for most types of plant and machinery (excluding cars) with effect from 1st January 2016 (transitional rules apply).
   The AIA applies to businesses of any size and most business structures, but there are provisions to prevent multiple claims.

5. **Reclaim input VAT on any petrol usage**
   If you reimburse employees who pay for their own fuel for business travel purposes, you could reclaim the VAT applicable to the deemed fuel element of the mileage rate. Employees must, however, submit a valid VAT receipt before any VAT can be claimed.

6. **Review your business motoring**
   It might be worth conducting a review of your motoring provision, as company cars may not be the most tax-efficient options for your business. Where a company vehicle is still appropriate, in some cases a van may prove to be more beneficial to your business’s finances. Company vans give rise to a £3,170 taxable benefit for unrestricted use. Additionally, a further £598 of taxable benefit is available if fuel is provided by the employer for private travel purposes. However, limiting the employee’s private use of the van to home-to-work travel only may potentially reduce these figures to zero.

Whether you’re just starting out in business or an established business looking to maximise profits and reduce tax, Stephenson Smart’s expertise, excellent friendly service and regional knowledge offer the perfect solution. Over 100 years of practice can’t be wrong!

**Top tip...**
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