



Tax planning for SMEs and Owners

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KPMG
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Importance of tax planning



Tax planning

Considering tax planning, at all stages of your business, is critical to long term success of your business and should ensure tax efficiencies



Timing

Why the 'right time' to think about tax is not just at year end

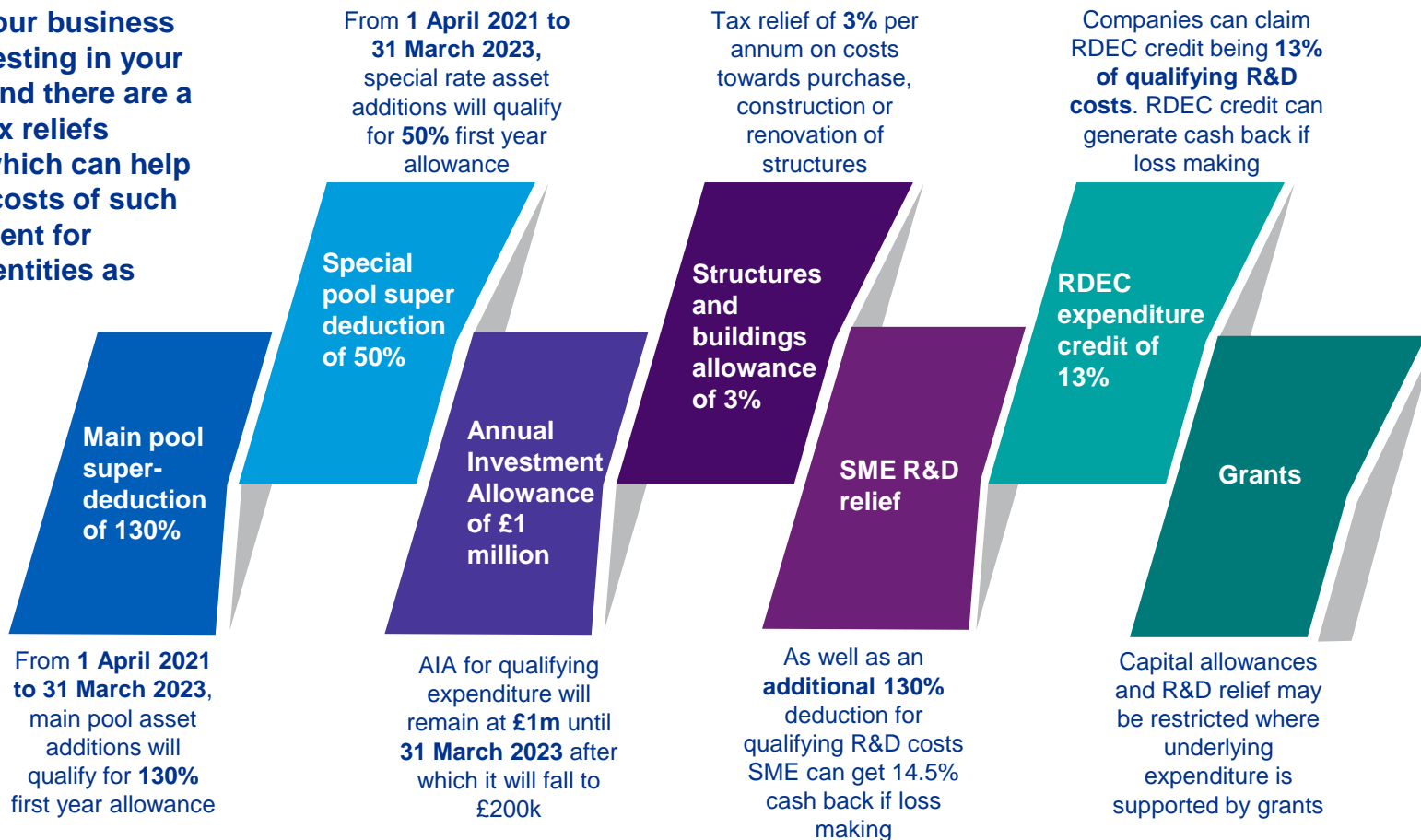


Benefits

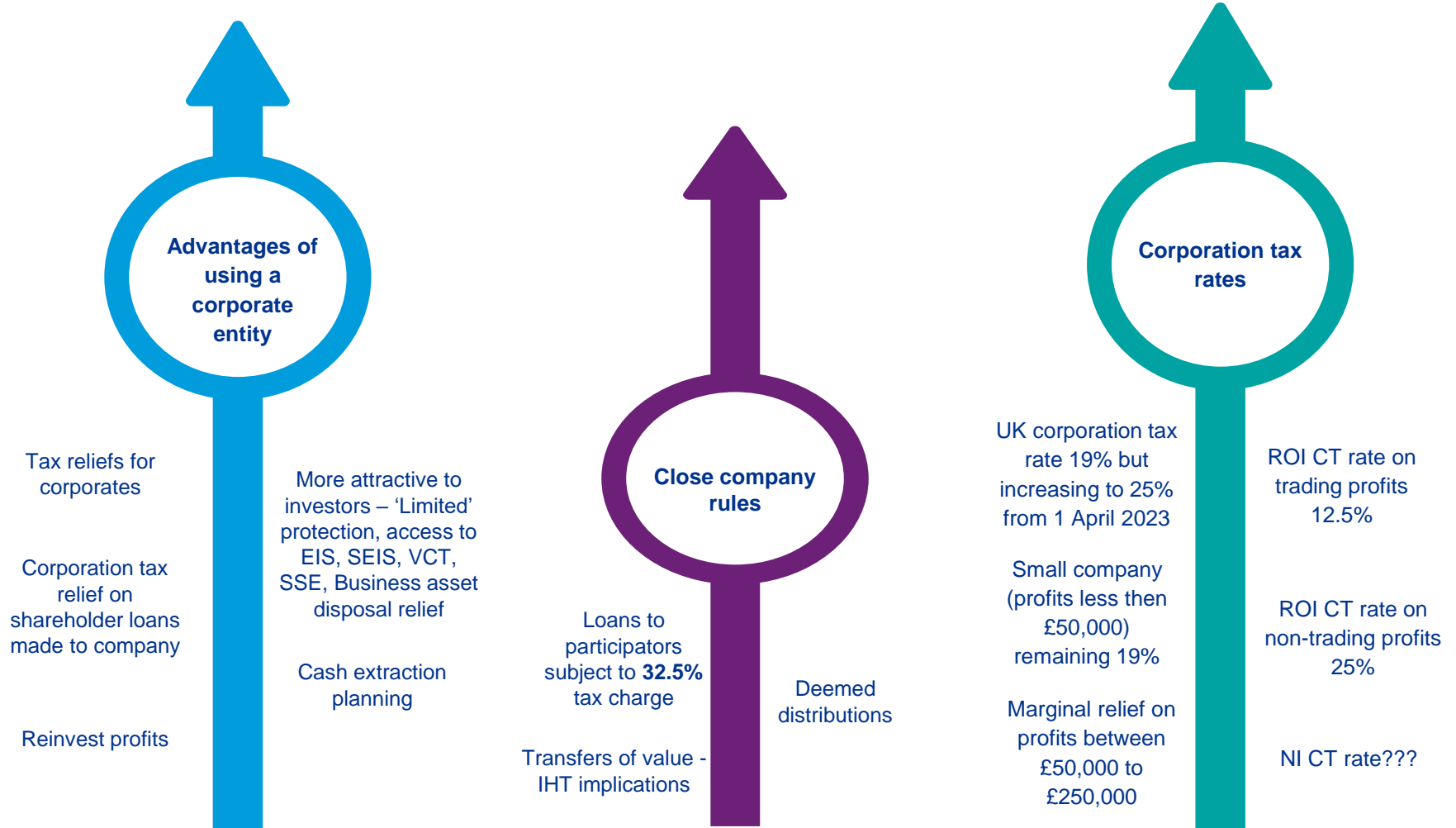
Appropriate tax planning can lead to tax savings but also lead to wider benefits, for example tax efficient employee incentive packages can encourage staff retention

Tax relief on investing in your company

Growing your business means investing in your business and there are a range of tax reliefs available which can help offset the costs of such an investment for corporate entities as follows:



Tax considerations for Corporates



Employers- tax opportunities / health warnings

Salary sacrifice scheme

Successful salary sacrifice arrangements offers tax savings to both employer and employee

- Employee not subject to IT on amount sacrificed
- Employee saves NIC at 12% for earnings between £9,568 to £50,270
Employee saves NIC at 2% earnings over £50,270
- Employer saves 13.8% NIC on amount sacrificed

IR35

- When paying contractors must consider IR35 rules from 1 April 2021

National minimum wage

- Need to consider if unpaid overtime, staff have to provide own clothes, operating salary sacrifice scheme
- Subject to increased focus from HMRC

Other tax considerations for corporates

Plastic Packaging Tax

- Applies from 1 April 2022
- Levied if plastic packaging contains less than 30% recycled plastic.
- Rate is £200 per metric tonne of plastic packaging
- All manufacturers and importers of plastic packaging will need to register with HMRC unless they produce or import less than 10 metric tonnes in any 12-month period

Corporate Criminal Offence

- Organisations which fail to prevent those acting for or on their behalf from facilitating tax evasion, both UK and foreign tax evasion, face becoming criminally liable themselves.

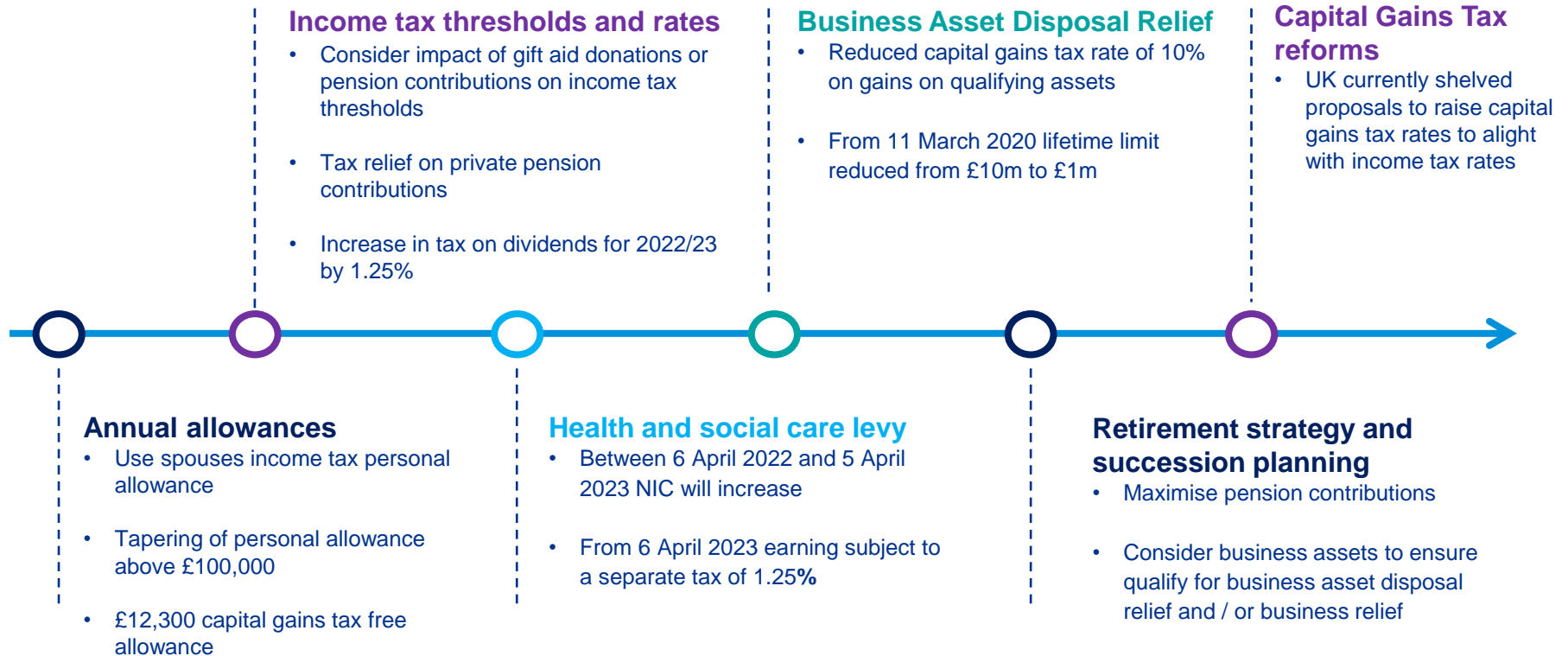
VAT

- Incorrect operation of VAT can be very costly especially if high quantum of transactions
- Cross border suppliers and customers can lead to complex VAT analysis

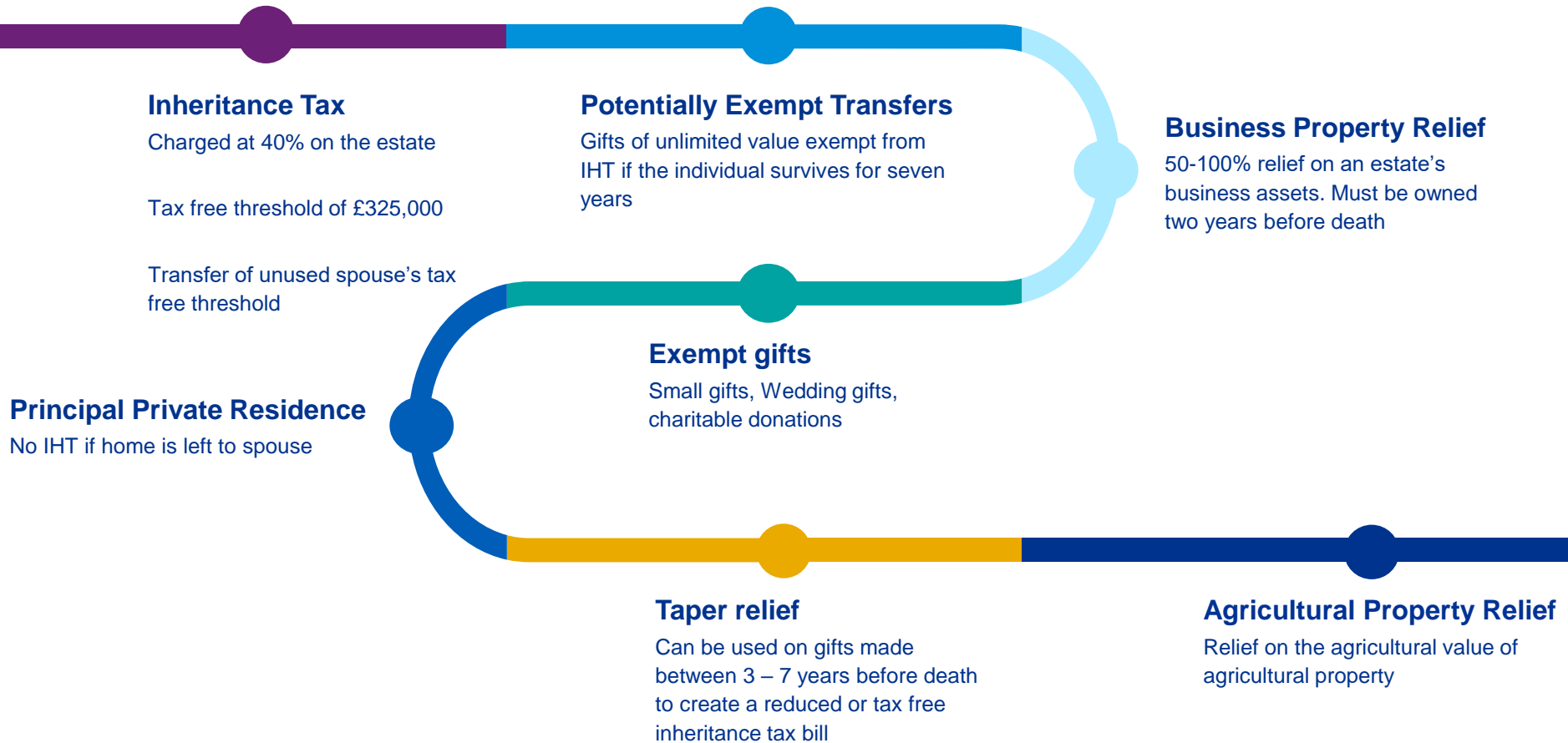
Foreign Exchange

- EUR and GBP transactions offers opportunity for potential tax savings

Income Tax & CGT considerations for business owners



Inheritance tax and succession planning



Contacts

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