

Tax Bulletin

Please note this is not a comprehensive list of all potential areas of tax that you should consider when looking at your tax affairs, only some of the more common areas.

2022/23

The following items are not necessarily new for the 2022/23 tax year but may be relevant to you:

- The Coronavirus working from home tax relief has now finished and you can only continue to make a relevant claim if your employer requires you to work from home but not if you choose to do so.
- Pension contributions that qualify for tax relief continue to be restricted by your relevant earnings and the Annual Allowance. The latter is reduced for some people with relevant income over £200,000 and when those affected have adjusted income of over £240,000, their allowance may then begin to be tapered from £40,000 (increasing to £60,000 from 6 April 2023) down to £4,000 (£10,000 from 6 April 2023). Individuals who have flexibly accessed their pensions may also only qualify for a £4,000 allowance.

The Lifetime Allowance charge will be removed from April 2023.

- If you are married and either you or your spouse has income of less than £12,570 and neither of you pay tax at a rate of more than 20%, the opportunity to transfer £1,260 of your Personal Allowance to your spouse is available. This could mean a tax saving of up to £252. The calculation will be carried out at the time of preparing your Tax Returns. In cases where we do not act for both spouses they may need to register at <https://www.gov.uk/marriage-allowance>
- **Where Capital Gains Tax is due on the disposal of UK residential property, an online Capital Gains Tax return will need to be filed and payment of tax made within 60 days of the date of completion of the transaction. Penalties will be charged for late filing and payment, so please get in touch with us as soon as possible to ensure that there is enough time to get everything completed.**

These rules do not apply to property that has been your main home throughout your period of ownership. When you sell a home that has not always been your main residence only that period of residence and the last 9 months is exempt from Capital Gains Tax.

Other points to note

- The current rates of Income Tax for Welsh taxpayers remain in line with English taxpayers, with the threshold at which you start to pay tax at 45% decreasing from £150,000 to £125,140.
- The Capital Gains Tax Annual Exemption falls to £6,000 from 6 April 2023 and to £3,000 from 6 April 2024.

- Details of the most up to date tax rates and allowances can be found on our website in the Resources area.
- From 6 April 2023 the dividend allowance drops from £2,000 to £1,000 and from 6 April 2024 down to £500.

The New State Pension

If you have not yet become entitled to receive your State Pension you will require a minimum of 10 qualifying years of National Insurance contributions and at least 35 years since April 2016 to qualify for the full amount (35 years of contributions prior to April 2016 will not necessarily qualify you in full). If you have not already done so we advise that you contact HM Revenue & Customs to request your State Pension forecast to ensure that you will be entitled to the full State Pension when you retire. You can request it via www.gov.uk/check-state-pension. Please be aware that if you contracted out of SERPS this may have had an effect on your number of qualifying years.

The Government has extended the voluntary National Insurance deadline to 31 July 2023 to fill gaps in your record between April 2006 and April 2016.

Registering for Child Benefit for a child under the age of 12 can provide you with a National Insurance credit which will count in qualifying years towards your State Pension entitlement, so it may be in your interest to register even if you do not actually claim the money.

Purchase of additional properties

Please notify us if you have purchased any additional properties in the year. Your main home is currently exempt from Capital Gains Tax when you sell it but if you own more than one property you may need to elect as to which is your Principal Private Residence for tax purposes and this is only available within 2 years of the purchase of the latest property. The rate of Capital Gains Tax payable on residential properties is 8% higher than the standard rates.

Overseas income

UK residents are taxable in the UK upon on their worldwide income whether or not they remit this income to the UK. Please ensure that you provide us with all the relevant detail to prepare your Tax Return.

Investments held in trust

If you have transferred any of your assets or cash into trust, please provide us with the relevant information. Each type of trust has its own Income, Capital Gains and Inheritance Tax consequences and we may require further information in order to be able to assess your tax position.

HMRC has also required for certain non-taxable trusts to be registered with them by 1 September 2022, or within 90 days of creation if after this date <https://www.gov.uk/guidance/register-a-trust-as-a-trustee>

Please contact a member of the Personal Tax Team if you would like to discuss any of the points raised above.