



Taking early advice on your tax return

HMRC is starting the tax year with their annual reminder to submit your tax return.

HMRC's reminder might seem early, but its statistics show that 750,000 people (6.5%) missed the deadline for 2016/17, potentially facing an immediate £100 penalty, even if they had no outstanding tax to pay. Anyone with a 2016/17 return still outstanding could also be clocking up additional penalties of up to £10 per day.

HMRC cancelled more than a third of all the penalties initially levied in 2014 and 2015 according to statistics obtained under a Freedom of Information Request. However, it is best not to incur the fine in the first instance, even if you have what HMRC calls a 'reasonable excuse'.

You have until the end of October 2018 to submit a paper tax return and 31 January 2019 if you file your return online. According to HMRC, 9.92 million out of 11.43 million tax returns for 2016/17 were filed online by 31 January 2018, while 0.77 million were made on paper.

You can make your tax return easier, whether or not you take professional advice, by reviewing how you hold your investments:

- Beware holding multiple interest-earning accounts with only small deposits. HMRC has started pre-populating some returns with deposit interest data, but the process does not cover joint accounts. Keeping your savings in a single account can make more sense and, if you want to chase interest rates, makes switching providers easier. But remember, only £85,000 per account is protected by the Financial Services Compensation Scheme.
- Consider using investment structures which do not need to be reported. ISAs are the obvious example, but there are several others.
- If you still hold certificates for shares or funds, consider transferring the holdings to a nominee account. You will then receive one consolidated tax voucher instead of multiple vouchers.

For more information on any of the above, please contact us. There is no deadline, but the sooner you act, the easier next year's tax return will be.

Tax laws can change. The Financial Conduct Authority does not regulate tax advice.