Mercian ACCOUNTANTS

Tax Planning Reports

Fixed-price reports on the decisions that cost the most to get wrong.

★★★★★ **4.9 out of 5** from over 100 Google reviews

40× Across the last 30 estates we reported on, worth over £60 million between them, the tax savings we identified came to more than forty times our fees.

Illustrative. The basis is on page 14.

Advice you can act on, at a price you know first

Most tax advice is sold by the hour, so you find out what it costs after it is done. Ours is not. Every report here has a price you agree before any work starts, set by the size of what we are looking at, never by the tax it saves.

Each report answers one question properly rather than covering everything lightly. A single document touching on gifting, pensions, property and trusts tells you a little about each and not enough about any of them to act on.

Your report will be delivered by qualified professionals with expertise in tax planning, including Chartered Tax Advisers, Chartered Accountants, and Chartered Certified Accountants, and will be reviewed before it reaches you.

It is written under a letter of engagement and backed by our professional indemnity insurance. That is the difference between advice you can act on and general guidance.

> “He explained how each return was made up using language I could easily understand. Nothing was too much trouble for him.”
>
> James Croft, Google review

What we will not do

- ✓ Charge a percentage of the tax you save
- ✓ Quote a range and bill you the top of it
- ✓ Recommend a product we earn from
- ✓ Require you to move your accounts to us

What is changing

- ✓ **6 April 2027.** Under the Finance Act 2026 most unused pension funds come into your estate for inheritance tax.
- ✓ **April 2027 and 2028.** Making Tax Digital reaches **gross income, not profit**, above £30,000 next April and £20,000 the year after. See page 16.
- ✓ **April 2031.** Both inheritance tax allowances stay frozen until at least then. Estates grow, the allowances do not, and more families cross the threshold every year.

WHERE TO START

Which report fits

Each report answers one question properly rather than covering everything lightly. You can take more than one, and the order can matter, so tell us what you are considering.

You are about to make a substantial gift to a person, to several people, or into a trust.	**Lifetime Gift Report**	page 6
You already give regularly, or you intend to start, whether that is school fees, help to a grown-up child, or support for a parent.	**Regular Gifting Report**	page 7
You have a pension you have not needed to draw on, and you and your spouse do not expect to spend all of it.	**Pension Estate Report**	page 8
You want to know each year where your estate stands and what you have already given away.	**Annual Estate Update**	page 9
You and your spouse, civil partner or cohabiting partner own rental property together and pay tax at different rates.	**Property Income Efficiency Report**	page 10
You have a substantial portfolio owned personally, no written agreement, and no clear line around the business.	**Property Business Report**	page 11
Your unincorporated property business has been running properly for many years.	**Property Incorporation Report**	page 12
You have surplus capital you want to pass down, while staying in control of it and keeping the ability to draw capital and income.	**Family Investment Company Report**	page 13

ALSO INSIDE

★★★★★ **4.9** from over 100 Google reviews

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Who you will be dealing with

Your accountant is a qualified senior, not a junior with a checklist. Between them the team holds ACA, ACCA, CTA, CPA and FCCA qualifications, and your report will be delivered by qualified professionals with expertise in tax planning, including Chartered Tax Advisers, Chartered Accountants, and Chartered Certified Accountants, and will be reviewed before it reaches you.

Graham Loosley
Director
FCCA

Peter Loosley
Chartered Tax Adviser
CTA

Jake Holdroyd
Accounts Partner
ACA

Sarwar Ahmed
Clients Manager
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Carl Sallutan
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Masab Ali
Practice Accountant
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Mubashra Riaz
Practice Accountant
ACCA

Saud Khan
Practice Accountant
ACCA

Anna Hodges
Office Manager

Kate Loosley
Communications Manager

Angel Concepcion
TRS Assistant

Jade Jaro
Personal Assistant

- ✓ Supervised by HMRC for anti-money laundering
- ✓ Professional indemnity and public liability insurance
- ✓ Registered with the Information Commissioner’s Office
- ✓ Every member of staff DBS checked, without exception
- ✓ Compliant with HMRC's Standard for Agents
- ✓ We work alongside your existing accountant and advisers

Clarke & Wright

The legal side of the same plan.

If you were handed this at a Clarke & Wright seminar, this page explains why. Clarke & Wright write the wills, the trusts and the powers of attorney, Mercian deals with the tax, and the two firms sit in the same building.

Most estate planning needs both. A trust is a legal document and, depending on the type, a tax event too. A gift is a legal act that changes what your estate is worth for inheritance tax. Getting one right and the other wrong is how plans come apart.

Our reports set out the tax position and the options open to you. Where a decision needs a will changed, a trust drafted or a power of attorney put in place, Clarke & Wright do that work, through SRA-regulated solicitors where it is reserved legal work. Mercian Accountants Ltd is not authorised or regulated by the Financial Conduct Authority, so where it needs regulated financial advice, that comes from an independent financial adviser (IFA).

You are not obliged to use both. Plenty of people take a report from us and use their own solicitor.

Clarke & Wright, wills and estate planning

- Wills, trusts and lasting powers of attorney
- IPW Code of Practice approved by the Chartered Trading Standards Institute
- £2m professional indemnity and public liability cover
- Member of the Institute of Professional Willwriters
- SRA-regulated solicitors for reserved legal work

Clarke & Wright
WILLS & ESTATE PLANNING

TALK TO CLARKE & WRIGHT

01743 652226

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clarkewright.co.uk

Unit 35 Rural Enterprise Centre, Stafford Drive, Shrewsbury SY1 3FE

Lifetime Gift Report

Making a substantial gift, and making it the right way.

THIS REPORT IS FOR YOU IF

- You are about to give a substantial asset to a person, to several people, or into a trust.
- You are weighing an outright gift against a trust.
- You want the tax cost before you commit, not after.

The easy part is deciding to help. How you make the gift is harder. An outright gift, a gift on bare trust and a gift into a discretionary trust are taxed differently, protect the asset differently, and give you different say over it. Once made, it is hard to undo.

It sets the options side by side: tax cost, protections, trade-offs.

An outright gift is a potentially exempt transfer and leaves your estate entirely if you survive seven years. A gift into a discretionary trust is chargeable when you make it, and the seven years still count: it stays in the running total against your nil rate band until they pass. It also carries a continuing cost: a charge on each ten-year anniversary and an exit charge when capital leaves, both on value above the trust's own nil rate band, usually £325,000.

> **A WORKED EXAMPLE**
>
> £500,000 in cash into a discretionary trust is chargeable now: 20% on the £175,000 above the nil rate band, assuming no chargeable gifts in the previous seven years, about £35,000. Given outright it carries nothing. On assets standing at a gain, an outright gift triggers capital gains tax at once, while a discretionary trust can hold the gain over under section 260, deferring it rather than removing it.

BASED ON THE VALUE OF THE GIFT

Up to £250,000	**£3,000**
£250,000 to £325,000	**£4,000**
£325,000 to £1m	**£5,000**
Above £1m	**0.5%**

RELIEF REVIEW, ON THE VALUE OF THE RELIEVABLE PROPERTY

Up to £2m	**£1,000**
£2m to £3m	**£1,500**
Above £3m	**0.05%**

The relief review says whether the asset looks capable of qualifying, not that relief is available.

A gift of £2m is in the top band: 0.5% of the whole, or £10,000. Tax thresholds double for a couple.

Regular Gifting Report

Give regularly, and keep the evidence that it counts.

Not everything you pay out for your family is a gift for inheritance tax purposes. Some payments fall outside the tax altogether.

Others are gifts, but are covered by an exemption. The most valuable of these covers regular gifts made out of surplus income. It has no upper limit at all, and it takes effect immediately rather than after seven years, which makes it the single most useful exemption available to most people. It is also the one most often lost, and usually not because the gifts were wrong but because nobody kept the evidence at the time.

This report looks at everything you give, whether that is school fees for grandchildren, help to a son or daughter, support for an elderly parent, or regular gifts from spare income. It identifies which payments sit outside inheritance tax and which rely on an exemption, and what each of those needs in order to stand up. We then set up the records while you are here to explain your own finances, rather than leaving your family to reconstruct them later.

The report includes your first twelve months of gifting records.

THIS REPORT IS FOR YOU IF

- You already give regularly, or you intend to start.
- It goes on school fees, help to a grown-up child, or support for a parent.
- You want the gifts recorded so they stand up years later.

BASED ON THE TOTAL GIVEN EACH YEAR

Up to £20,000	**£1,500**
£20,000 to £50,000	**£2,250**
£50,000 to £100,000	**£3,000**
Above £100,000	**3%**

ANNUAL RECORD FROM YEAR TWO, BILLED MONTHLY. A COUPLE IS 1.75 TIMES THE INDIVIDUAL FEE

Up to £20,000	**£450**
£20,000 to £50,000	**£600**
£50,000 to £80,000	**£800**
Above £80,000	**1%**

Giving £120,000 a year falls in the top band, so the fee is 3% of the whole £120,000, which is £3,600. The band below is a flat £3,000.

Pension Estate Report

Your pension, and what happens to it after April 2027.

THIS REPORT IS FOR YOU IF

- You have a pension you have not needed to draw on.
- You and your spouse do not expect to spend all of it.
- You want to know what April 2027 does to it.

From 6 April 2027, most unused pension funds and death benefits fall within the estate for inheritance tax, with the spouse exemption applying as usual. For many people it is the largest single thing they leave behind.

If you die at seventy-five or over, whoever inherits also pays income tax as they draw it down, so the two taxes compound on the same pot. Die before seventy-five and the income tax does not arise, so it is inheritance tax alone. Drawing it yourself and paying income tax at 45% is two thirds of the 67%, but only if the money then leaves your estate. Left in the bank it faces inheritance tax too, which is why the report models drawing to fund gifts, not drawing alone.

This report models your position over the next twenty years under four approaches: leaving things as they are, drawing to fund regular gifts, drawing more to fund substantial gifts, and a mixture. You get a clear comparison of how much reaches your family.

A WORKED EXAMPLE

Take £100 of pension left to a child on a death at seventy-five or over. Inheritance tax takes 40%, leaving £60. Income tax at 45% is another £27, so £33 reaches the family and 67% goes in tax.

Mercian Accountants Ltd is not authorised or regulated by the Financial Conduct Authority, so decisions about the pension arrangements need an independent financial adviser.

BASED ON THE ESTATE INCLUDING THE PENSION

Up to £2m	**£2,000**
£2m to £3m	**£3,000**
£3m to £4m	**£4,000**
Above £4m	**0.1%**
Where the report covers a couple, add	**50%**

An estate of £6m falls in the top band, so the fee is 0.1% of the whole £6m, which is £6,000.

Annual Estate Update

Keep track of where you stand.

Estates drift. Property values rise, gifts get made and forgotten, and allowances that stay fixed while everything else grows mean people cross thresholds without doing anything. Most of that cost is avoidable, if somebody notices in time.

This service keeps your estate schedule current, records the gifts you have made and tracks where you stand against the allowances each year, with a short note on what has changed and what it means.

The first year builds the picture from scratch: every asset, every liability, the gifts already made, and where you sit against each allowance.

What we need each year is small: anything you have given away, current values for the property and investments, any change in what you own, and any amendment to your will.

Where you have taken a Pension Estate Report with us, setting up the schedule is included at no charge, as it is prepared as part of that work.

THIS REPORT IS FOR YOU IF

- You want to know each year where your estate stands.
- You have already made gifts that need tracking.
- Your position moves often enough that a one-off report goes stale.

SETTING UP YOUR ESTATE SCHEDULE, BASED ON ESTATE VALUE

Up to £2m	**£1,000**
£2m to £3m	**£1,500**
£3m to £4m	**£2,000**
Above £4m	**0.05%**

CONTINUING EACH YEAR THEREAFTER, 40% OF THE SETTING-UP FEE

Up to £2m	**£400 a year**
£2m to £3m	**£600 a year**
£3m to £4m	**£800 a year**
Above £4m	**0.02% a year**

The continuing fee rises with inflation each year.

An estate of £6m falls in the top band, so the fee is 0.05% of the whole £6m, which is £3,000 to set up.

Property Income Efficiency Report

Stop paying more tax than you need to on rental income.

THIS REPORT IS FOR YOU IF

- You own rental property jointly.
- You and the other owner pay tax at different rates.
- Nobody has checked whether the split is the right one.

If you own rental property jointly, the way the income is split decides how much tax you pay on it.

Married couples and civil partners are taxed half and half by default, whatever the ownership. Where one pays at a higher rate, that costs you money every year for no good reason.

For spouses and civil partners the split is changed by a Form 17 declaration, supported by a declaration of trust evidencing unequal beneficial ownership. It takes effect only from the date of the declaration, and only if it reaches HMRC within sixty days. Where the person taking the larger share also takes on part of the mortgage, that is chargeable consideration for stamp duty land tax, chargeable at the additional dwelling rates where it is £40,000 or more. Severing a joint tenancy also ends the right of survivorship, so your will can deal with your interest in the property.

If you are not married or in a civil partnership, you are taxed on the shares you own. Changing them is a disposal at market value, without the no gain, no loss treatment married couples get, and a potentially exempt transfer, so the shares are usually best left as they are.

A WORKED EXAMPLE

Rental income of £40,000 split equally gives you £20,000 each. If one pays at 40% and the other at 20%, moving £10,000 across saves up to £2,000 a year, provided it stays within that person's basic rate band. The split follows beneficial ownership, so 50:50 has to become nearer 75:25, and the mortgage interest restriction moves with it.

BASED ON GROSS ANNUAL RENTAL INCOME

Up to £50,000	**£1,000**
£50,000 to £100,000	**£1,500**
£100,000 to £200,000	**£2,000**
Above £200,000	**1%**

Rent of £250,000 is in the top band: 1% of the whole, or £2,500.

Property Business Report

You are running a business. Is it set up like one?

Landlords with a substantial portfolio are usually running a real business, but very few are set up as one. Income follows whoever happens to be named on the deeds, there is no written agreement, and nobody is entirely sure which properties belong to the business and which do not.

That affects how the income is taxed, what happens when one of you dies, and whether the business would be recognised as a business at all if it were ever questioned.

This report examines whether you are running a business and whether a partnership exists between you, then sets out in full what operating properly as one would mean.

Doing it properly means a written agreement, a partnership registered with HMRC and filing its own return, and profits allocated by that agreement rather than by whose name is on the deeds. It also settles what happens when one of you dies or wants out. What it does not do on its own is secure business property relief: letting is usually treated as investment for inheritance tax however large it is, which is why the report tells you where you actually stand.

THIS REPORT IS FOR YOU IF

- You have a substantial portfolio owned personally.
- You are personally involved in running the portfolio week to week, rather than leaving it to an agent.
- There is no written agreement and no clear line around the business.
- You want to know whether it counts as a property business for tax and not a mere investment.

> **A WORKED EXAMPLE**
>
> Two brothers own eleven flats between them and run the lettings themselves. There is no written agreement, so nothing records who owns what, how the income should be split, or what happens to the business if one of them dies. The income follows the deeds rather than the work, and neither of them has thought about what the survivor would be left with.

BASED ON GROSS PORTFOLIO VALUE

Up to £1m	**£3,000**
£1m to £2.5m	**£4,000**
£2.5m to £5m	**£5,000**
Above £5m	**0.1%**

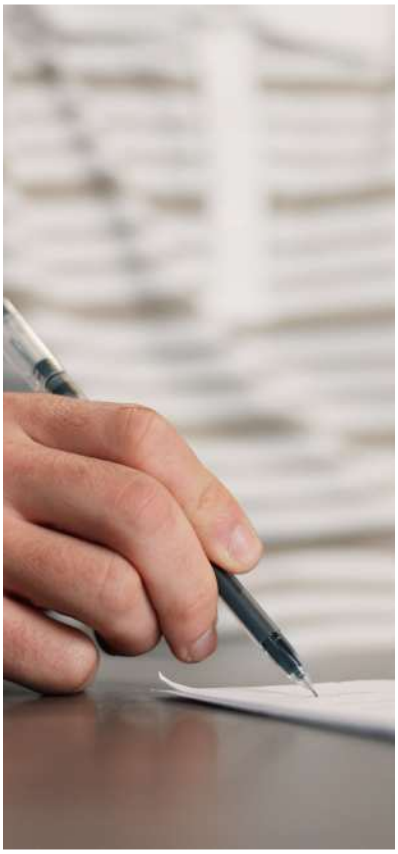
A portfolio of £6m falls in the top band, so the fee is 0.1% of the whole £6m, which is £6,000.

Property Incorporation Report

Is it time to move the business into a company?

THIS REPORT IS FOR YOU IF

- Your unincorporated property business has run properly for many years.
- You are weighing whether to move it into a company.
- You need the stamp duty and capital gains cost first.



Whether you qualify turns on the level of activity you personally undertake and the evidence of it, rather than on the paperwork alone. Once a property business has been running properly for many years on that basis, moving it into a company becomes a serious option. It changes how rental profits are taxed and removes the restriction on relief for mortgage interest. Done without advice, it can also create tax charges that outweigh the benefit entirely.

This report looks at whether the conditions for relief are met on the evidence you have actually built up, the stamp duty land tax position, what your lenders will require, and whether a company genuinely leaves you better off.

Incorporation is a disposal at market value, so without relief the gain on every property falls into charge at once. Incorporation relief can defer that gain into the shares instead, but only where what you transfer is a genuine business rather than a collection of investments, and only where the whole of it goes across.

A WORKED EXAMPLE

Twenty-two properties bought for £3.2m are now worth £5.8m. Incorporating without relief brings the whole £2.6m gain into charge in one year. With incorporation relief the gain moves into the base cost of your shares and nothing is payable at the point of transfer. The gain is deferred rather than forgiven, and comes back into charge if the shares are sold. Stamp duty land tax is a separate question, charged on the market value of what goes across, although where the business is run through a partnership the partnership rules can reduce that charge substantially.

BASED ON GROSS PORTFOLIO VALUE

Up to £1m	**£4,000**
£1m to £2.5m	**£5,000**
£2.5m to £6m	**£6,000**
Above £6m	**0.1%**

A portfolio of £10m falls in the top band, so the fee is 0.1% of the whole £10m, which is £10,000.

Family Investment Company Report

Pass the value down. Keep the control.

A family investment company lets the value of surplus capital pass to the next generation while you stay in control of how it is managed.

It suits three situations in particular: reducing inheritance tax where you cannot afford to lose access to the money, setting up a property business, or making a large gift with protections comparable to a trust but without the immediate charge a trust of that size would carry, or the ten-year and exit charges that follow it.

The report covers the share structure and the reasons for it, how the company is funded and taxed, and how money comes back out if circumstances change.

Funding is usually either a loan to the company or a subscription for shares. If a loan, the money you put in stays repayable to you.

You keep the voting rights, so you maintain control of the company, whereas family members may only have rights to income and capital at your discretion. That split is the whole point of the structure, and it is why the share classes are worth settling at the outset.

A WORKED EXAMPLE

You lend £1m to the company and take shares carrying the votes. Your children hold shares carrying the income and capital rights but no control. The £1m remains owed back to you and stays in your estate. Most of the company's growth accrues to your children's shares, though the value of your voting shares reflects the size of the company too, and because you have lent the money rather than given it away, no seven year clock has to start running.

THIS REPORT IS FOR YOU IF

- You have surplus capital you want to pass down.
- You want to stay in control of it.
- You want to keep the ability to draw capital and income.

BASED ON THE AMOUNT FUNDED

Up to £1m	**£4,000**
£1m to £2.5m	**£5,000**
£2.5m to £6m	**£6,000**
Above £6m	**0.1%**

Funding of £10m falls in the top band, so the fee is 0.1% of the whole £10m, which is £10,000.

FIXED, AND AGREED FIRST

How we charge

We quote before we start, not after. You have the figure in writing, with the band it comes from and what it covers, before you decide.

If what you have asked us to look at turns out to be larger than it first appeared, we will say so and agree the change with you before carrying on.

Our fee is set by the size of the assets or the income the work covers. It is never a share of the tax saved.

Size is the best proxy for how complex the work is and how much time it takes. The band your figure falls into sets the fee. In all but the top band that is a set amount. In the top band it is a percentage of the whole figure, not only the part above the threshold.

Lifetime Gift Report	Value of the gift	**from £3,000**	page 6
Regular Gifting Report	Total given each year	**from £1,500**	page 7
Pension Estate Report	Estate including the pension	**from £2,000**	page 8
Annual Estate Update	Estate value	**from £1,000**	page 9
Property Income Efficiency Report	Gross annual rental income	**from £1,000**	page 10
Property Business Report	Gross portfolio value	**from £3,000**	page 11
Property Incorporation Report	Gross portfolio value	**from £4,000**	page 12
Family Investment Company Report	Amount funded	**from £4,000**	page 13

40×

Across the last 30 estates we reported on, worth over £60 million between them, the tax savings we identified came to more than forty times our fees.
Savings are illustrative, and depend on your own figures and on the steps actually being taken.

AGREED FIRST

The price is fixed in writing before any work starts. No hourly billing, and no range we bill the top of.

YOURS TO KEEP

A secure electronic copy and a printed, bound copy. Take it to your solicitor, your IFA, or the accountant you already use.

These fees buy the report. Putting the advice into effect is separate work and may carry further fees from us, a solicitor and an IFA. We are not authorised or regulated by the Financial Conduct Authority, so regulated financial advice comes from the IFA.

Report prices include VAT. The compliance prices from page 15 onwards are plus VAT.

COMPLIANCE

Everything else we do

The year-round work, if you want us to take it on. You do not have to.

These are the jobs that come round every year whether or not you are planning anything. We price them as a fixed monthly fee, agreed in writing before we start, so nothing is billed by the hour.

Where the same figures feed a tax planning report we already hold them, and the two pieces of work stop contradicting each other.

Accounts and Tax

Everything statutory, under one fixed monthly fee.

- Statutory year-end accounts
- CT600 corporation tax returns
- Self assessment and partnership returns
- VAT returns, prepared and filed
- Capital gains computations
- CIS returns
- Tax-efficient remuneration advice
- Fee protection insurance available

Bookkeeping

Your books kept current, not reconstructed in January.

- Weekly bank reconciliation
- Receipt capture through Apron
- Monthly management accounts
- Cash-flow forecasting
- Quarterly VAT prepared and filed
- Senior accountant review of all work
- Multi-currency where you need it
- Fixed monthly fee, never hourly billing

Payroll

Paid on time, filed on time, every time.

- Weekly, fortnightly or monthly runs
- RTI submissions to HMRC
- Statutory sick and maternity pay
- Auto-enrolment pension set up and run
- Year-end P60s and P11D filing
- Secure payslip portal for your staff
- CIS deductions for construction
- Fixed monthly fee agreed up front

This is optional in both directions. Taking a tax planning report does not require you to move your compliance work to us, and moving your compliance work to us does not require you to take a report. Ask us for a quote and we will price it on what is actually involved, in writing, before anything starts.

COMPLIANCE

Making Tax Digital and Self Assessment

Quarterly filing is coming in by income, and the threshold is gross income rather than profit.

Making Tax Digital replaces one annual return with digital records and quarterly updates to HMRC. It reaches sole traders and landlords in stages, by gross income. That means turnover, or rent received before costs, and not profit. It catches a great many people who assume they are under the line.

April 2026 brought in gross income above £50,000. April 2027 brings in those above £30,000, and April 2028 those above £20,000. A landlord taking £55,000 of rent is already in, even where the profit after mortgage interest and costs is a fraction of that. We set the whole thing up and then run it.

Making Tax Digital

Quarterly filing is coming. It does not have to land on you.

- MTD-compatible software from day one
- Bank feed set up for you
- Receipt capture
- Quarterly income tax updates to HMRC
- End-of-period statements
- Annual final declaration
- Gross income tested against the threshold, not profit
- A named accountant on your account

Self Assessment

Filed correctly, with the allowances you are entitled to.

- A full review of your financial position
- Accurate tax calculations
- Expenses and allowances identified
- Return prepared and filed with HMRC
- Reasonable tax planning advice alongside the return

This is optional in both directions. Taking a tax planning report does not require you to move your compliance work to us, and moving your compliance work to us does not require you to take a report. Ask us for a quote and we will price it on what is actually involved, in writing, before anything starts.

WHEN YOU SELL

Sixty-Day Property Returns

Sixty days from completion, not with your tax return.

A gain on the disposal of UK residential property has to be reported to HMRC and the tax paid within sixty days of completion. The clock runs from completion, not from the end of the tax year, and the return is due whether or not you are already in self assessment. Where the gain is covered in full by relief and there is no tax to pay, no sixty-day return is needed.

It catches people who have never had to file anything before: an inherited house sold by executors, a former home that was let for a period, a buy-to-let sold to clear a mortgage, or a property transferred between owners who are not married. Penalties and interest start on the sixty-first day, and they run whether or not anyone told you the return was due.

The sixty-day return then has to agree with your self assessment return for the same year. Where the first one was filed on estimates, the two often do not. We prepare both, so they do.

- Sixty-day return prepared and filed
- Private residence relief and lettings relief
- Reconciled to your self assessment return
- Late returns brought up to date
- Gain computed with the base cost evidenced
- Estimates used where figures are not final, then corrected
- Executors and personal representatives
- Penalty position reviewed, and appealed where there are grounds

PER DISPOSAL, AGREED BEFORE THE SIXTY DAYS START

Fixed fee, from £450 a return plus VAT

If you are approaching completion, tell us before it happens rather than after. Almost everything that changes the figure, and the reliefs that have to be claimed, is fixed at exchange. Capital gains tax more generally is on page 18.

WHEN YOU SELL

Capital Gains Tax

Plan the disposal before you make it, not after.

We compute, file and plan around capital gains tax on disposals of property, shares, business interests and cryptocurrency. Residential property has its own sixty-day deadline, which is on page 17. Everything else is reported through your self assessment return.

Rates, reliefs and the annual exempt amount all turn on facts you can still change before disposal: who owns the asset, whether it is held jointly, when the contract is made, and whether a relief must be claimed rather than given.

You do not have to sell to a third party to bring a gain into charge. A gift to a family member, a sale at under value to a connected party, a transfer into a trust, or moving an asset into a company is each a disposal at market value, and each crystallises the gain without the asset leaving the family.

Timing counts as much as structure. A disposal falls into the tax year the contract is exchanged, not the year it completes, so a sale agreed in March and completed in April is taxed a year early. Losses must be claimed within four years, and only against gains, so an old unclaimed loss is often the cheapest relief available.

- ✓ Capital gains computations
- ✓ Private residence relief
- ✓ Holdover relief on gifts and transfers into trust
- ✓ Losses claimed, carried forward and used
- ✓ Business Asset Disposal Relief
- ✓ EIS deferral relief
- ✓ Share identification and cryptocurrency pooling
- ✓ Support if HMRC opens an enquiry

PER DISPOSAL; A PORTFOLIO OF SHARES COUNTS AS ONE

Fixed fee, from £450 a disposal plus VAT

Before you commit. If a disposal is already in your thinking, review the position now, so the decision rests on your figures, not on the timing of an announcement.

TRUSTS

The Trust Registration Service

Most trusts have to be registered, including the ones that pay no tax at all.

Many UK express trusts must be registered with HMRC's Trust Registration Service, including trusts with no income, no gains and nothing to pay. A trust created since June 2022 must register within ninety days of being created, and trusts that existed before then should already be on the register.

Registration is not a one-off. The register has to be kept current whenever the trustees, the beneficiaries or the assets change, and it has to be confirmed each year where the trust files a tax return. Banks, conveyancers and other professionals now ask for proof of registration before they will deal with the trustees.

If you have a trust that was set up years ago and never registered, tell us. It is far better dealt with now than found later.

The duty sits with the trustees, not the settlor or the beneficiaries, and applies whether or not a professional is acting. The register records the beneficial owners, which for a discretionary trust means the classes of beneficiary as well as those named, and the details have to match the trust deed.

- ✓ Guidance on whether your trust has to register
- ✓ Registration on HMRC's Trust Registration Service
- ✓ Non-taxable trusts, which must register too
- ✓ Will trusts, life interest trusts and bare trusts
- ✓ Records kept current as trustees and beneficiaries change
- ✓ Annual confirmation where the trust files a tax return
- ✓ Proof of registration for banks and conveyancers
- ✓ Late registrations brought up to date

A SIMPLE REGISTRATION; MORE COMPLEX TRUSTS QUOTED **From £420** plus VAT

A trust created since June 2022 must register within ninety days of being created. HMRC took a soft approach at the outset and no longer does, so unregistered trusts now carry a real risk for the trustees.

TRUSTS

Trust Tax Returns

A trust with income or gains is a taxpayer in its own right.

A trust that receives income or makes a gain files its own return, on form SA900, with its own rates and its own deadlines. Discretionary trusts pay at the trust rate on most income. Interest in possession trusts are taxed differently again. A trust that makes a disposal has its own annual exempt amount, which is half an individual's.

There is also the ten-year anniversary charge on relevant property trusts, and an exit charge when capital leaves. Both are easy to miss, because nothing prompts them and they fall due whether or not anyone has looked.

We prepare and file the return, deal with what the trustees have to pay, and give the beneficiaries what they need for their own returns. Trustees are personally responsible for getting this right, which is the part most people are not told when they agree to act.

Two things catch trustees out. The standard rate band taxes the first slice of a discretionary trust's income at the basic rate rather than the trust rate, but it is divided between all the trusts the same settlor created, so trustees of one of several pay more than they expect. And the credit on a discretionary payment comes out of the trust's own tax pool: if the pool is short, the trustees make up the difference.

- ✓ SA900 trust and estate returns
- ✓ Capital gains made within the trust
- ✓ Exit charges when capital leaves
- ✓ R185 certificates issued to beneficiaries
- ✓ Trust rate and dividend trust rate computed
- ✓ Ten-year anniversary charges
- ✓ IHT100 where a charge arises
- ✓ Estate returns for personal representatives

A STRAIGHTFORWARD TRUST RETURN; MORE COMPLEX TRUSTS QUOTED **From £350** plus VAT

Trustees are personally liable for the tax and for the filing. If you have agreed to act as a trustee for a family member, that responsibility is yours whether or not you were told about it at the time.

TRUSTS

Trust Beneficiaries

Money from a trust is taxed in your hands too, and often at a different rate.

If you receive income from a trust it belongs on your own tax return. It has usually already borne tax inside the trust, and the certificate the trustees give you, form R185, shows how much. Depending on your own rate, part of that is reclaimable and part of it is not.

Income from a discretionary trust arrives with a 45% tax credit. A basic rate taxpayer is usually due a repayment, and someone with no other income is often due the whole of it back. This is missed for years at a time, and a claim can only go back four years.

Income from an interest in possession trust keeps its character, so dividends stay dividends and rent stays rent, and it has to be reported that way. Capital from a trust is not income at all, though it can carry a charge for the trustees.

Timing follows entitlement, not payment. Income from an interest in possession is taxed on you as it arises, whether or not the trustees have paid it over, while a discretionary payment is taxed in the year it is made. That distinction is the usual reason a return has to be amended.

We act for beneficiaries as well as trustees. Where both sides are ours, the two sets of figures agree, which is not always so when they are prepared by different people.

- R185 certificates read and applied
- Repayment claims for basic rate and non-taxpayers
- Discretionary income and its 45% credit
- Interest in possession income reported in character
- Capital distributions and what they mean for you
- Overseas trusts and non-resident beneficiaries
- Vulnerable beneficiary claims
- Self assessment prepared and filed

PER BENEFICIARY, PER TAX YEAR

From £350 plus VAT

PUTTING THINGS RIGHT

Disclosures to HMRC

Going to HMRC first costs less than being found.

If there is undisclosed income, an error in a return, or a gain that was never reported, correcting it voluntarily costs materially less than waiting for HMRC to discover it.

There are several routes in, and choosing the right one matters. The Digital Disclosure Service is the usual route where the error was careless or innocent. The Contractual Disclosure Facility, Code of Practice 9, is different: HMRC offers it where it suspects deliberate conduct, and in exchange for a complete and accurate disclosure HMRC undertakes not to pursue a criminal investigation with a view to prosecution for the conduct disclosed.

We assess what has to be disclosed, calculate the figures, submit through the right channel and stay with you until it is closed.

Expect three amounts, not one: the tax, interest from the date each amount fell due, and a penalty set by behaviour. The penalty is the part still in play: an unprompted disclosure, made before HMRC makes contact, carries a far lower range than a prompted one, and narrows again where the figures stand up.

- ✓ Digital Disclosure Service
- ✓ Card Transaction Campaign
- ✓ Contractual Disclosure Facility, Code of Practice 9
- ✓ Fee protection insurance for enquiries that arise in future
- ✓ Let Property Campaign
- ✓ Worldwide Disclosure Facility
- ✓ HMRC investigations and enquiries

QUOTED ONCE WE KNOW THE SCOPE; EVERY CASE IS DIFFERENT

From £1,500 plus VAT

Fee protection insurance. Our cover pays our fees where HMRC opens an enquiry after the policy has started. It cannot be taken out to meet the cost of a disclosure you already know you have to make, and it does not cover tax, interest or penalties. Where a disclosure is needed we quote for that work separately.

NEXT STEP

How to start

Tell us what you are trying to do. We will say which report or service fits, what it will cost, and what we need from you. The same three steps apply whether it is a single report or the ongoing work on pages 15 to 22.

01

Talk it through

A conversation about what you own, what you are considering, and what you want to happen.

02

Fixed price agreed

We confirm what fits and agree the price in writing before any work starts. Report prices come from the bands on page 14; everything else is quoted on what is involved.

03

The work

A report sets your options side by side with the tax cost and the trade-offs, and arrives as a secure electronic copy and a printed, bound one. A return, a registration or a disclosure is simply done, and filed.

> "Graham is a delight to speak with and he has an incredible knowledge of tax matters."
>
> Giorgio Venturi, Google review

TALK TO MERCIAN

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OR COME AND SEE US

Unit 35 Rural Enterprise Centre, Stafford Drive,
Shrewsbury SY1 3FE

All visitors by appointment

mercianaccountants.co.uk

The first conversation costs nothing and commits you to nothing. If a report is not what you need, we will say so.

Start with a conversation

Tell us what you are trying to do. We will tell you which report answers it and what it will cost, before any work starts.

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The tax rules described here are correct at the date of publication and may change. Nothing in this brochure is advice on your own circumstances. Advice needs a fact find, a letter of engagement and a fee agreed before work starts, and that is what the reports are. Mercian Accountants Ltd is not authorised or regulated by the Financial Conduct Authority; regulated financial advice comes from an independent financial adviser.

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