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business & tax advisers

Companies - Getting the Timing Right

The timing of certain payments and receipts of income is crucial for tax purposes. By moving a date of payment or receipt by just a few days either side of the company's year end, you can reduce the current year's tax bill and/or defer payment until the next tax year.

DO

- Ensure that qualifying charitable donations are paid before the year end
- Ensure that any provisions made are against specific costs, not a general estimate
- Ensure that pension contributions are paid before the year end
- Consider whether any additional remuneration/bonuses should be voted to directors in respect of the current accounting period (these can be paid up to nine months after the year end although the PAYE and National Insurance may need to be paid sooner than that)
- Ensure that you value stock and work in progress taking into account any reduction arising as a result of obsolescence
- Consider the effect of bringing forward any capital expenditure into the current accounting period to fully utilise reliefs available each year

DON'T

- Forget to consider the timing of disposal of assets such as property or shares that will give rise to a large chargeable gain to ensure that in year reliefs are utilised
- Forget that timing of expenditure will also have an effect on your accounts
- Forget to consider the timing of selling assets on which capital allowances have been claimed. Do call us if you would like further help or advice.