

Pharmacy Matters

Guiding your pharmacy to lifelong prosperity

Budget 2012

Can you benefit from these tax saving opportunities?

Reduction in the additional rate of income tax

From 6 April 2013 the additional rate of income tax, for individuals with income of over £150,000, is due to fall from 50% to 45%.

Opportunities

If you are likely to pay income tax at the 50% rate for the next tax year (the year ended 5 April 2013) you should consider ways to defer income to the following year so that you are taxed at the lower 45% rate. Possible ideas are to:

- defer the payment of dividends until after 5 April 2013;
- take money out of a company via a loan during 2012/13, rather than receiving a salary. The loan could be repaid after 6 April 2013 out of a taxed bonus (consideration needs to be given to benefit-in-kind and company tax implications).

You should consider maximising your pension contributions during the year ended 5 April 2013 so that you obtain relief at 50% i.e. before the relief fall to 45%.

Increase in the personal allowance

From 6 April 2013 the personal allowance will increase to £9,205. This is increasing at a rate faster than anticipated and closing in on the £10,000 personal allowance target by the end of the parliament in 2015.

Opportunity

Married couples and civil partners should make sure that both of them are taking full advantage of this tax free allowance. Clearly

there are other issues to consider, not least anti-avoidance legislation, but this type of planning is perfectly legitimate and over several years can save couples a significant amount of tax.

Reduction in the main rate of Corporation Tax

From 1 April 2012 the main rate of Corporation Tax will fall from 26% to 24%. Although a 1% fall had already been announced the doubling of the reduction is very welcome. Two further reductions in the main rate of Corporation Tax of 1% have been announced from 1 April 2013 and from 1 April 2014 when the rate will be 22%.

Opportunity

If your company has profits of more than £300,000 per year you should consider accelerating expenditure around your year end. This will ensure your company's profits are taxed at the lowest possible rate.

Withdrawal of Child Benefit

From 7 January 2013 Child Benefit will be cut for families where one parent earns more than £50,000. The benefit will be completely eliminated where one parent earns more than £60,000.

Although the threshold for losing the allowance has been increased from that which was originally announced, it will still seem unfair to many. For example where both spouses each earn £49,000 and have a joint income of £98,000 they will retain their full Child Benefit. If one spouse, however,

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earns £60,000 and the other spouse has no earnings they will not be entitled to any Child Benefit.

The administration of the withdrawal of the Child Benefit also looks likely to be complicated. The benefit will continue to be paid to all and then clawed back, either through PAYE or Self Assessment.

Opportunity

This is yet another reason why couples should look at equalising income where possible.

Fuel benefit increases again

From 6 April 2012 the fuel benefit for individuals with company cars will be based on £20,200 (currently £18,800).

Opportunity

If you have not reviewed your company car and fuel policies recently you should do so because the tax cost of such benefits is continually increasing.

Pharmacy Seminar

Date: Thursday 24 May 2012

Venue: Shakespeares, Somerset House,
Temple Street, Birmingham, B2 5DJ

Time: 17.00 - 19.00

Hazlewoods, Shakespeares and Christie & Co are holding a seminar looking at tax saving opportunities, recent changes in pharmacy legislation and how these are driving value for the sector.

Our speakers will be joined by guest expert Peter Cattee, Chair of the Association of Independent Multiple Pharmacies. Peter will give us a day to day insight into the changes in the sector with some hints and tips drawn from his experiences of running a chain of 30+ pharmacies.

If you are interested in attending the seminar, please contact Helen Carter on: helen.carter@hazlewoods.co.uk

www.hazlewoods.co.uk/events.aspx



Richard Medes Pharmacy Manager
t: 01242 680000
e: richard.medes@hazlewoods.co.uk



Phil Swan Partner
t: 01242 680000
e: phil.swan@hazlewoods.co.uk

The services that we offer including advising in the following:

- Accounting
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- Goodwill valuations
- Setting up a pharmacy
- Finance arranging
- Buying a pharmacy
- Business and financial plans
- Pharmacy Sales
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- Bookkeeping improvements

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Registered Office: Staverton Court, Staverton, Cheltenham, Glos. GL51 0UX

A list of LLP partners is available from each office.

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Staverton Court, Staverton, Cheltenham, Gloucestershire GL51 0UX
t: 01242 680000 f: 01242 680857

www.hazlewoods.co.uk

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