

## INSIDE THIS ISSUE

Tax Efficient Remuneration Strategy ..	1
FreeAgent Mobile	2
Featured Add-On	3
Q&A With Nabil Zawadi	4
HMRC Releases The Details ..	5
Free Property Fraud Alerts	6

# The Most Tax Efficient Remuneration Strategy For 2018/19

Following on from last year's budget, I was asked by many contractors how it will affect the most tax efficient way for them to pay themselves in the coming year. Of course, I could just rattle off the figures that the Chancellor announced, but that is what an ordinary accountant would do... I would prefer to give you a practical breakdown and a pound-for-pound 'how to' or 'what to do' response.

### Have you got your pen and paper ready?

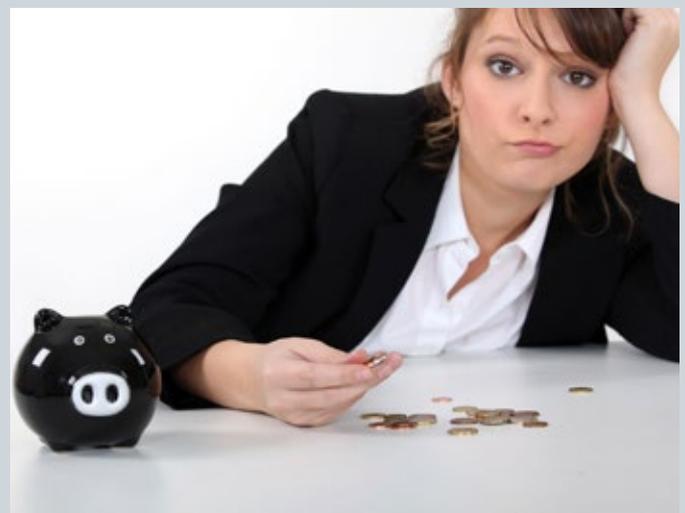
From April of 2018, the most tax efficient remuneration strategy for a contractor will be to pay themselves £3862 per month, and to save £203 per month of that amount to cover the personal tax bill that will follow in due course. Therefore, the breakdown is as follows:

- Monthly salary: £702 per month
- Dividends: £3160 per month
- Put aside for tax: £203 per month

\*these figures are rounded up to the nearest pound.

If you do this, you will use up all of your personal allowance and basic rate tax band without going into the new higher rate tax bracket of £46,350 as set by the latest budget. These figures are based purely upon the earnings that you take from your business, and do not take into account any other income that you receive from areas such as interest on savings and investments or rental income. As promised, this is a not a technical, over-complicated blog post, so please call the office if you would like to know how any additional incomes will affect the numbers above.

Continued on page 2 ...



Continued from page 1...

For clarification: the £203 per month is representative of the 7.5% dividend tax and we always recommend to our clients that they save this as they go. The truth is that it was never your money in the first place – so don't spend it. Save it wisely and you might even make a few pounds of interest at Her Majesty's pleasure.

### Get greedy and get expensive!

Here is the bad news. Obviously, if you have got a significant need to take more than £3862 per month from your business, you might need to get a little more creative, investigate some other strategies, or just bite the tax burden bullet. If you choose the latter: these are the costs you will incur.

For every £1000 that you pay yourself in dividends, over and above the £3160 per month, you will be liable for £325 at the higher 32.5% rate of tax. And if you go really wild and end up topping the £100,000 per year barrier, your rate will sky rocket into unspeakable stratospheres – in fact, it is so expensive that I can't even bring myself to mention the number here!



### Just in case you do want the Chancellor's numbers again:

Most of my customers want announcements like The Budget translated into practical steps, as above. As a simple summary of the bottom line: this is what you need to do so that you will be better off at the end of the day, month, year and lifecycle of your working life.

But I know there will be a few who want the original numbers too...

Here goes:

- The personal allowance has risen from: £11,500 to £11,850
- Size of the basic tax rate band has changed from: £33,500 to £34,500
- Which means that the new Higher Rate Tax bracket is now: £46,350
- And the new Dividend Tax Allowance has dropped from: £5,000 to £2,000

**If you have any questions, please get in touch.**

## FreeAgent Keep Up To Date On The Move

Do you know the three reasons Contractors and Freelancers love FreeAgent?

1. It frees up their time to earn more money
2. It frees up their mind to concentrate on the things that matter
3. It frees up their finances to work for them and not against them

If you choose FreeAgent, you will be joining the 40,000 UK contractors, freelancers and businesses that already love these benefits of FreeAgent:

- Self-sending and self-chasing invoices
- Expenses sorted in seconds: zero hassle
- One-click self-assessment/tax-return
- Automatic banking in the background

To learn more and find out how you could upgrade FOR FREE visit: [www.bit.ly/2FljnYh](http://www.bit.ly/2FljnYh)



Featured Add-on

# Designed To Make Your Life Easier

This month I want to encourage you to get into LinkedIn. And if you are already on the world's leading social networking site for business people, then I'd encourage you to be one of the small number of people who actually use it properly.

LinkedIn currently has just under 500 million members, so whatever work you do it is likely that people who would be good for your business are among its number. The reason most people don't recognise its value or think that it will work for them, however, is because they don't interact. No one is ever going to find you if they don't even know that you exist. The good news is that you only need to make a little bit of noise each day for the right people to start taking notice.

Here is my 10 minutes a day LinkedIn activity guide:

**Keep in touch:** on the 'notifications' tab you can engage with your contacts' current activities: anything from a happy birthday to sharing congratulations.

**Messages and connection requests:** it is so important to check this daily because you just never know when someone might be offering you some work or an opportunity.

**Scan the newsfeed:** on the 'home' tab, simply scroll through to see what your contacts have been posting and commenting on. This is a great source of useful, informative, educational

and insightful information, but it is also a key engagement opportunity. Perhaps set a goal of sharing one thing and commenting on another each day...

**Read and share:** this is the big tip – find someone you are not connected with, but who looks like your perfect customer (use the advanced search facility for this). Read their latest article or a post they have shared (it takes 3 minutes to read 500 words), then make a comment.

Once you have got into the habit of a strong daily LinkedIn routine and you are starting to see the return on your time investment, you can move on to stage two. This includes things like:

**Write an original engagement post:** there is nothing like proving and sharing your expertise to attract the right sort of attention.

**Get into relevant groups:** these are a great way to connect with the right people. Try looking for a few groups where your ideal customers might be hiding. You could even try our very own **Contractors, Consultants and Freelancers UK LinkedIn Group**.

**Update your profile:** it is all well and good being found and seen on LinkedIn, but be careful what people do see when they find you. Regularly updating your profile, skills, recommendations and achievements is a good way to keep your connections interested.

# Linked



# Q&A with Nabil Zawadi

**Q: What do you do and what do you like most about contract work?**

**A:** I do digital project management, including websites, mobile applications and tablet software – it's mostly customer facing. I enjoy contract work because of the exposure to many different projects and companies. I also take time off to travel between contracts, so life in general is more flexible. So, for example, when I finish my current contract, I'm going to Australia – which wouldn't be possible if I had a permanent job.

**Q: What led to you choosing Meades Contractors?**

**A:** I talked to a number of accountants, but when I spoke to Paul, he seemed like a nice guy. He wasn't trying to sell his services too hard and he asked me questions about my business. Also, they use account software, which is what I was looking for.

***"It takes very little time for me – maybe 10 minutes a week."***

**Q: What do you like about working with them?**

**A:** They're very responsive and very pleasant. They have different people who look after different things, which makes it seem more specialised – rather than one person who is a jack-of-all-trades. They've been helpful at sending me tips on how to use the software. It's like a real time way of viewing my company's accounts. It takes very little time for me – maybe 10 minutes a week. It means that whenever I want to look at an overview I can, without waiting for something to update or having to wade through lots of pages – it's far more user friendly.

**Q: How do you find the service?**

**A:** I definitely find it reassuring. They've helped me a lot recently on some VAT matters, and some tax matters from some previous employment.



They seem to have the bases covered and they're all pleasant to deal with.

**Q: What are the main benefits for you of working with Meades Contractors?**

**A:** The fact that they have an end-to-end service so they can manage any aspect of my account. They're also responsive and they're just generally nice people.

**Q: What about the added value?**

**A:** This is the only accounting service I've used so I haven't really got anything to compare it against but certainly, all my needs and expectation are being met...And they sent me a delicious cookie when I first joined!

# HMRC Releases The Details of Your Personal Tax Account!

Don't worry, this is not another cyber-attack story or major breach of confidentiality from our friends at HMRC. They have simply decided to release the information they hold on your personal tax accounts to you – no one else – sorry if I alarmed you!

This is good news and means that you, as an individual, can set up your personal tax account and access all of the records that HMRC hold in regard to your income. There are many advantages to you having this information at your fingertips, not least of which is the fact that you can check if the data that they hold is correct. This could save you all sorts of erroneous tax costs, administrative burdens or conflicts of interest. And it is also much more likely that any changes or amendments will be attended to quickly if you inform HMRC via your personal tax account.

Here are just some of the things that you can do after setting up your personal tax account online (and the list is growing all of the time):

- Check your Income Tax estimate and Tax Code to ensure it is a true representation of your current circumstances
- View a personal tax return so that you can budget for payments or check that the figures are correct
- Claim a tax refund, if your investigations or HMRC themselves have indicated that one is due to you
- Check or update your Marriage Allowance or any other change in your circumstances that might affect your tax code
- Tell HMRC about a change of address as they might not automatically pick this

Continued over ...



- up, and you wouldn't want any of your sensitive financial information being delivered to the wrong place
- Keep a check or update the benefits that you receive from work: for example, changes in your company car details or medical insurance information
- View the latest information on the value of your state pension and your National Insurance records
- Set up your account so that you can go paperless and start to receive communications by text or email instead of through the post
- View and manage other personal information such as Tax Credits and any Child Benefit payments
- Set up your account so that a family member, friend or other designated person can have full authority to manage your tax affairs on your behalf
- Accurately track the progress of any forms that you have previously submitted and are awaiting a response

- Either view and or print out your Self Assessment tax calculation (known as an SA302) which will be useful when applying for finance or credit
- Find your unique taxpayer reference (UTR) for your own records or future correspondence
- Make online claims for any employment expenses that you might be due

There are, of course, many practical advantages to having this level of control and understanding of your personal tax account information. Among the most important are the security, personal management and speed of response benefits, but the biggest is probably just having everything all in one place.

**If you would like to know more about how to set up your personal tax account with HMRC, or have any questions about the benefits and importance of having this information – please get in touch.**

# Free Alerts To Protect You From Property Fraud

If you have ever been burgled, you'll know that it is one of the most unpleasant feelings in the world. The very fact that someone has been inside your property, gone through your possessions, and taken or destroyed whatever they pleased is disturbingly intrusive. But what if they have taken ownership of the property itself, assumed your identity and left you to pay the cost of their crime? How would that make you feel?

I can tell you, for a fact, that initially you wouldn't feel anything at all. The reason is that you wouldn't know anything about it until long after the event. The first indication that anything was amiss might even arrive in the form of a mortgage payment request, long after the fraudster has fled the scene.

Scary, isn't it? But, as with many other little

known financial security measures the solution is available for free.

## **You don't need to feel the pain of property fraud!**

Houses that are mortgage-free, unoccupied or being leased to a third-party tenant are often more vulnerable to this type of fraudulent attack than mortgaged, owner-occupied properties. That does not mean that any homeowner is safe, however, anyone of us could be at risk. The good news is that the simple solution to protect yourself is available to everyone (for up to 10 properties). All you need to do is register for the HM Land Registry property alert service.

Yes, it really is that simple:

[propertyalert.landregistry.gov.uk](http://propertyalert.landregistry.gov.uk)



For the sake of a few minutes to create an account and register your properties, you could save yourself a whole load of retrospective financial troubles, and a stomach full of nasty feelings.

### **A quick rundown of how the villains work...**

What happens is this: The thieves will set out on a fraudulent journey of property acquisition by forging documents and pretending to be the owners (you). They will do this in person or online, with a view to persuading a lender to take out a mortgage in your name – secured against the value of your property. That is why unoccupied, mortgage-free, or tenanted properties are more vulnerable.

As soon as they have their (your) money, the villains will disappear into their murky world of lies, and start targeting their next victim. Meanwhile, you will be left with the cleaning up to do when your first bill arrives. In most cases, of course, the crime will be recognised and you'll probably avoid the full cost: But not before a lot of emotional pain, administrable hassle and financial name-clearing has darkened your door.

### **Prevention is always better than cure...**

Once a property is registered, you will receive emails notifications or updates whenever any activity occurs in connection with that property.

That way you can investigate or intervene before the situation gets out of hand or the fraudsters get their hands on the value in your property. You could also request a restriction to be entered on your property to be extra safe.

If you are still thinking, 'that things like that only happen to other people' please read the next sentence very carefully. Since 2009, HM Land Registry has successfully prevented around £120m of property fraud through its property alert service. Remember - the service is free – don't wait to regret it!

# CONTACT

## 08000 234484

[www.meadescontractors.co.uk](http://www.meadescontractors.co.uk)  
[experts@meadescontractors.co.uk](mailto:experts@meadescontractors.co.uk)



**Meades Contractors Ltd**  
39 The Metro Centre  
Tolpits Lane  
Watford  
Hertfordshire  
WD18 9SB

Newsletter design by [Dave@deadbunneh.com](mailto:Dave@deadbunneh.com)

The information in this newsletter is intended for guidance only. It is based upon Meades Contractors's understanding of current legislation and is correct at the time of going to press. Meades Contractors would always recommend you contact the team on 08000 234484 for specific professional advice before actioning any of the information detailed in this newsletter.