

# Save £14,000 before the end of this tax year

## Move fast to use perks and loopholes. By James Charles

WITH only a month to the end of the tax year, households have been urged to act quickly to take advantage of tax breaks and allowances soon to expire, worth up to about £14,000.

An extra 750,000 taxpayers will be dragged into the higher rate of income tax next month, according to the Institute for Fiscal Studies.

However, there is still time to make savings on your tax bill for the current year, which ends on April 5, by taking advantage of little-known tax breaks that are about to be scrapped and annual allowances that cannot be rolled over.

### CLAIM CHILDCARE VOUCHERS

Higher-rate taxpayers have only four weeks to register for childcare vouchers and benefit from full relief.

Currently, a parent can sacrifice up to £55 a week of salary for the vouchers, used to pay for registered childcare providers. As they pay out of gross salary, this saves income tax and national insurance contributions of £1,195, if they are higher-rate taxpayers, and £1,487 for a top-rate payer.

From April, tax relief will be limited to 20%, cutting the value of the vouchers for higher-rate taxpayers from £55 to £28 a week. For 50% payers, it will fall to £22. Therefore, a couple could lose out on up to £1,820.

However, anyone who joins the voucher scheme before April 5 will be able to continue to claim the full £55.

It is not only parents already paying higher-rate tax who should move quickly and sign up to the scheme.



JOHN LAWRENCE

**Darren McKay, 39, an information technology manager, and Wendy Skinner, 35, a business analyst, from Bristol, with 10-month-old son Ben, collect childcare vouchers from provider Computershare Voucher Services**

Those close to the threshold of £42,475 should apply now. Mike Warburton of Grant Thornton, the accountant, said: "The deadline applies to higher-rate taxpayers, but with more households being dragged over the higher-rate threshold in the coming years, it makes sense for basic-rate taxpayers to act now as well."

**Saving: £1,820**

### TRANSFER LOSSES ON LET PROPERTY

About 65,000 owners of properties let as furnished holiday homes will be hit by rules that restrict the offsetting of losses.

Those with a furnished holiday lets in the UK and Europe have four weeks to offset losses against any other taxable income, such as personal salary or capital gains, under a tax break known as sideways relief.

A higher-rate taxpayer who makes a £4,000 loss on their holiday let can currently offset the loss against other taxable income and reduce their overall tax bill by £1,600 this tax year.

From April 6, losses will be

set off only against profits earned on their holiday lets. The losses can be carried forward to future years.

The new rules also divide lettings businesses in the UK and abroad. Any losses from holiday lets in the European Economic Area can be offset only against profits made on the specific properties.

Ronnie Ludwig of Saffery Champness, the accountant, said: "Property owners who are planning to spend money on repairs or improvements should consider moving the works into the current tax year so that any losses can be offset against other personal income."

**Saving: £1,600**

### AVOID HIGHER-RATE STAMP DUTY

Estate agents and mortgage brokers are reporting a surge of inquiries from buyers desperate to avoid paying tens of thousands of pounds more in stamp duty. The top rate, payable on homes worth more than £1m, will rise from 4% to 5% on April 6.

Ian Gray of largemortgage-loans.com, the broker, said: "We are extremely busy as

wealthy buyers try to complete this month to beat the rise in stamp duty." It will see the tax bill on the purchase of a £1m home climb by £10,000 to £50,000. An estimated 10,000-15,000 buyers a year will fall foul of the higher rate.

**Saving: £10,000**

### GIVE AWAY MONEY

The government is reducing the amount that charities can claim through Gift Aid.

For three years, charities have been able to reclaim the income tax paid on donations at the previous basic rate of 22%. The government effectively grosses up the sum, with a 78p donation worth £1 to the charity.

However, in the new tax year, Gift Aid will fall to the current basic rate of 20%. Toby Ryland at Blick Rothenberg, the accountant, said: "Charities will see incomes fall unless taxpayers increase donations."

Based on a £5,000 donation, the top-up that charities can claim will fall from £1,400 to £1,250. A supporter would have to give an extra £150, about £5,150, to ensure their charity received the same amount overall.

**Saving: £150**

### RECLAIM TAX AND USE ALLOWANCES

Under Revenue & Customs rules, taxpayers have four years to claim overpayments. That means there is only one month left to claim back tax that was overpaid in 2006-07.

Karen Clark, a tax partner at Baker Tilly, the accountant, said: "Clients will often approach us saying they have found a pile of old expenses or have noticed on an old return that they hadn't claimed a reduction for their pension contribution."

A sole trader who was a higher-rate taxpayer and had failed to submit £500 of expenses that could be offset against income would be losing out of a £200 rebate.

**Saving: £200**