

Sixty Seconds Update March 2011
Alexandra Anthony brings you essential news to read in sixty seconds!

Happy New Tax Year

What should you do before and after the new tax year?

Paying yourself

A mixture of salary and dividend is usually advantageous but the change in thresholds means that where you have no other income except dividends, there is an opportunity to take income which only suffers 13.8%. This is because from April there will be different thresholds for employees' and employers' National Insurance.

**Plan your salary and dividend mix to minimise tax and National Insurance.
Please contact John Gregory and Claire Crass for advice.**

Higher rate tax payers who are paid only in salary, rather than a mix of salary and dividends, will be worse off. The personal allowance has been increased however the higher rate tax threshold has been reduced.

Mileage claims

Whoopee (and about time too!) the tax free mileage allowance will increase from 40p to 45p per mile for the first 10,000 miles travelled in a tax year.

Last chance pension contribution

The maximum annual tax free pension contribution will be reduced to £50,000 from April, plus the tax relief will be restricted for those earning over £150,000 so consider making a pension contribution before the rules change.