

# JAF<sup>A</sup>™

ACCOUNTANCY

**Tax Tips 2024/25**

Tax Type	Tax Bands/Thresholds	Rate
<b>Income Tax</b>	Personal Allowance	0%
	£0 - £12,570	0%
	£12,570 - £50,270	20%
	£50,270 - £150,000	40%
	Above £150,000	45%
<b>National Insurance (Employees)</b>	£0 - £242 per week	0%
	£242.01 - £967 per week	12%
	Above £967 per week	2%
<b>National Insurance (Self-employed)</b>	Class 2: Flat rate	£3.15 per week
	Class 4: Profits £12,570 - £50,270	9%
	Class 4: Profits above £50,270	2%

Tax Type	Tax Bands/Thresholds	Rate
<b>Corporation Tax</b>	Profits up to £50,000	19%
	Profits between £50,000 and £250,000 (Marginal Relief)	Varies
	Profits above £250,000	25%
<b>Value Added Tax (VAT)</b>	Standard Rate	20%
	Reduced Rate	5%
	Zero Rate	0%
<b>Capital Gains Tax</b>	Basic Rate Taxpayers: General Gains	10%
	Basic Rate Taxpayers: Residential Property	18%
	Higher Rate Taxpayers: General Gains	20%
	Higher Rate Taxpayers: Residential Property	28%
	Annual Exemption Amount	£3,000
<b>Inheritance Tax</b>	Nil Rate Band	£325,000
	Above Nil Rate Band	40%

## **Part 2: Essential Tax Tips**

### **Income Tax Tips**

#### **Utilise Personal Allowance**

Ensure you use your entire personal allowance of £12,570 before the end of the tax year.

#### **Check Your Tax Code**

Verify your tax code to ensure it reflects your current circumstances. Incorrect tax codes can result in overpayment or underpayment of taxes.

#### **Marriage Allowance**

Transfer part of your personal allowance to your spouse if they earn more, potentially saving up to £252 a year in tax.

### **National Insurance Tips**

#### **Review Contributions**

If self-employed, pay Class 2 and Class 4 NICs promptly to avoid penalties and secure your state pension entitlements.

#### **Monitor Earnings**

Employees should monitor their earnings to stay within their NIC thresholds and manage deductions efficiently.

## **Part 2: Essential Tax Tips**

### **Corporation Tax Tips**

#### **Maximise Deductions**

Ensure all business expenses are documented and claimed to reduce taxable profits.

#### **R&D Tax Credits**

Explore eligibility for Research and Development (R&D) tax credits, which can significantly reduce your corporation tax liability.

### **Value Added Tax (VAT) Tips**

#### **Registering for VAT**

Consider voluntary registration for VAT if your turnover is below the threshold. This can help with claiming VAT on business expenses.

#### **Maintain Accurate Records**

Keep thorough records of all VAT transactions to ensure accurate and timely VAT returns.

## **Part 2: Essential Tax Tips**

### **Capital Gains Tax Tips**

#### **Use Annual Exemption**

Make use of your annual capital gains tax exemption of £3,000 each tax year to minimise tax liability on disposals.

#### **Timing of Asset Sales**

Plan the sale of assets to fall within different tax years to maximise use of annual exemptions.

### **Inheritance Tax Tips**

#### **Estate Planning**

Consider gifting assets during your lifetime to reduce the value of your estate and potentially lower inheritance tax.

#### **Use of Trusts**

Use trusts to manage and protect your assets while potentially reducing your inheritance tax exposure.



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