



## Equity release

Equity release is an area of retirement planning that I am quite passionate about because it is a good way to fund retirement.

I will shortly be sending out a newsletter on the subject. Please spend a minute or two to look through it and if you could pass it on to anyone else you know who might be interested I would be grateful.

Julia



## FAQ's

### • What is my personal allowance for this year?

If you are under 65, then £7,475 is your tax free allowance. If you are between 65 and 74 then it will be £9,940 and £10,090 if you are aged over 75. These allowances can all be reduced depending on your income.

### • When do I become a 40% tax payer?

If you earn over £42,475 you will be in the higher rate bracket and don't forget the new additional rate of 50% if you earn over £150,000 after your personal allowance.

### • When do I have to register for VAT?

The turnover in the previous 12 months has to be £73,000. You can register voluntarily if you want to charge VAT and reclaim VAT on your purchases. VAT is 20% this year.

### • What are the stamp duty rates when I buy a property?

If you buy a property of more than £125,001 up to £250,000 then it will be 1%, then 3% up to £500,000 and 4% up to a million. Properties over a million pounds will have SDL tax to pay at 5%. If you are a first time buyer, then you don't have SDL tax to pay until the property is more than £250,000.

### • What expenses can I claim against my buy to let income?

If you have a property that you rent out, you can claim ground rent, any utility bills you have to pay, mortgage interest, repairs and maintenance, insurance and professional fees. These are the main reliefs. Repairs and maintenance must be genuine replacement of like for like and not improvements. You cannot usually claim repairs and maintenance needed prior to renting out a property for the first time.

### • What is the capital gains rate at the moment?

Any gain above £10,600 will be taxed at 18% if it remains within your basic rate tax earnings. Any gain over this will be taxed at 28%.

### • How much IHT might my estate have to pay?

Anything over £325,000 will be taxed at 40%. However, if you are married or in a civil partnership, you can transfer any unused portion of your £325,000 nil rate band to your spouse, so in effect doubling the tax free band to £650,000.

### • I operate as a limited company, how should I take my drawings?

If you wanted to pay yourself the minimum salary before tax kicks in, then £7,475 a year is the limit in other words £622.91 a month. If you want to avoid NI as well then it will be a lower amount of £7,072 or £589.33 a month. You can of course draw dividends as well but your company must have the profits to cover these.

### • What are my ISA (tax free savings) limits for this year?

You can save up to £10,680 in total of which half, £5,340 can be left in cash. The remaining £5,340 can be invested in stocks and shares or the whole £10,680 can be invested.

*I have taken every care to ensure the above information is correct but always ask for individual advice before acting, or refraining from acting, or relying on this information alone.*



**Need a plumber, local garage or electrician? Need a virtual PA? Want to make a will, buy stationery or review your mortgage?**

**Ask me as all these people belong to my network and I can personally recommend them**

**DEADLINES  
NOT TO  
BE MISSED**

- Corporation tax is due 9 months and 1 day after the end of the company's year end. Penalties are getting stricter so be warned!
- 31 July 2011 second tax payment on account
- 31 January 2012 tax returns and tax payment due.