

LAWPACK



Do-it-yourself Kit

Tax Return Organiser

Guidance Manual

By H. M. Williams Chartered Accountants



This is an excerpt from Lawpack's *Tax Return Organiser Kit*.

To get expert tips on how to complete your tax return plus tax-saving tips, [click here](#).

Important facts about this Lawpack Kit

This Lawpack Kit contains information and instructions to help you complete your tax return.

The information contained in this Lawpack Kit has been carefully compiled from professional sources, but its accuracy is not guaranteed, as laws and regulations may change or be subject to differing interpretations. The law is stated as at 1 October 2012.

Neither this nor any other publication can take the place of an accountant on important tax matters. This Lawpack Kit is sold with the understanding that the publisher, author and retailer are not engaged in rendering accounting or legal services to the purchaser. If accountancy services, legal advice or other expert assistance is required, the services of a competent professional should be sought.

As with any legal matter, common sense should determine whether you need the assistance of an accountant or solicitor rather than relying solely on the information and forms in this Lawpack Kit.

We strongly urge you to consult a solicitor if:

- substantial amounts of money are involved;
- you do not understand the instructions or are uncertain how to complete and use a form correctly; or
- what you want to do is not precisely covered by the information provided.

Note: throughout this Lawpack Kit, for 'he', 'his' and 'him' read 'he or she', 'his or her' and 'him or her'.

EXCLUSION OF LIABILITY AND DISCLAIMER

Whilst every effort has been made to ensure that this Lawpack product provides accurate and expert guidance, it is impossible to predict all the circumstances in which it may be used. Accordingly, neither the publisher nor authors who have assisted in the production of this Lawpack product and updated or refined it, or whose name is credited as having so assisted and updated or refined it, nor retailers, nor any other suppliers shall be liable to any person or entity with respect to any loss or damage caused or alleged to be caused as a result of the use of the information contained in or omitted from this Lawpack product.

Lawpack gives you a limited guarantee. If for any reason you are not happy with your purchase, you may return it to us with your receipt within 30 days of the date of purchase for a full refund. In no event shall our liability exceed the purchase price of this Kit. Use of this Lawpack Kit constitutes acceptance of these terms.



Contents

How to use this Kit	4
Who needs to complete a tax return	6
Tax-free income	7
Summarising your information for the tax return	9
1. The tax return – Form SA100	9
Additional income – Form SA101	22
2. Employment income – Form SA102	22
3. Self-employment and partnership income – Form SA103, Form SA104 and Form SA800	28
4. Land and property income – Form SA105	35
5. Foreign income – Form SA106	37
6. Trust income – Form SA107	37
7. Capital gains – Form SA108	38
8. Overseas and residence issues – Form SA109	40
9. Rough tax calculation – Form SA150	40
How to submit your tax return online	41
Some tax-saving tips	51
HMRC supplementary pages, notes and helpsheets	58
Tax rates	62

Loose-Leaf Cards

- Card 1 – The tax return (SA100)
- Card 2 – Employment pages (SA102)
- Card 3 – Self-employment pages (SA103)
- Card 4 – Income from land and property (SA105)
- Card 5 – Foreign income (SA106)
- Card 6 – Income from trusts (SA107)
- Card 7 – Capital gains (SA108)
- Card 8 – Overseas and residence issues (SA109)
- Card 9a – Rough tax calculation for 2011/12 tax year
- Card 9b – Rough tax calculation for 2012/13 tax year

How to use this Kit

This Kit has been designed to help you do three things:

1. assemble all your tax return papers in the right way so you can submit the information either by post or online;
2. check to make sure that you are claiming all the tax allowances and reliefs that are available; and
3. submit the information by post or online on Her Majesty's Revenue & Customs (HMRC) website.

This Kit is intended to be useful for more than one tax year. However, no two tax years have the same rates, allowances, thresholds, etc. Please refer to pages 62 and 63 for the figures that relate to the tax return you are submitting.

All of the above are covered in this Manual. To help you, we have divided this Manual into sections. Each section deals with the information you need to know that concerns:

1. The tax return itself – Forms SA100 and SA101

It is on this return that you should declare the following sources of income:

- Interest and dividend income
- UK pensions, annuities and other state benefits
- Other UK income not included on supplementary pages
- Payments into a pension scheme
- Charitable giving
- Tax reliefs and allowances

2. Employment income – Form SA102

3. Self-employment and partnership income – Form SA103, Form SA104 and possibly Form SA800

4. Land and property income – Form SA105

5. Foreign income – Form SA106

6. Trust income – Form SA107

7. Capital gains – Form SA108

8. Overseas and residence issues – Form SA109

9. Rough tax calculation

For each section, you will find a loose-leaf **Card** included in this Kit, numbered according to the section number. We suggest you file the Cards that you need in a ring binder and then file the papers that relate to that section under the appropriate Card. It is most unlikely that you will need to use all of the Cards supplied with this Kit.

While the paperwork should be kept under the appropriate Card, we suggest that you summarise the information in the appropriate boxes in this Manual.

At the end of this Manual, and also at certain places earlier in this Manual, there are tips on tax savings to be aware of or traps to avoid.

To become a tax expert takes many years of both training and experience, and this Kit does not pretend to be an exhaustive guide to all matters concerning your tax return. In other words, if your tax affairs are complex, then we strongly advise you to seek professional advice. However, this Kit should suffice for the vast majority of taxpayers.

The very term 'self-assessment' implies that individuals should be able to file their tax return without expert help – and indeed many taxpayers find this to be the case – but when one remembers that the UK tax code runs to over 11,000 pages and that HMRC's own tax return guide is over 1,000 pages long, we wonder how such interminable complexity can be reconciled with the term 'self-assessment'.

But let us not feel daunted by what has just been said. For most taxpayers this is not an over-burdensome procedure.

Who needs to complete a tax return?

You need to complete a tax return if any of the following apply to you in the tax year:

- You are self-employed or in a partnership.
- You are a company director, a minister of religion, or a name or member of Lloyds of London.
- You have more than £10,000 of income from savings and investments.
- You have more than £2,500 of untaxed income from savings and investments.
- You receive gross rents in excess of £10,000 or net rents (rents less allowable expenses) in excess of £2,500.
- You receive income from a trust or estate and further tax is still payable by you.
- You have received income from the estate of a deceased person and tax is still payable by you.
- You have Capital Gains Tax to pay.
- You have gross annual income in excess of £100,000.
- You are over 65, receive age-related allowances and have income in excess of £24,000 in the year 2011/12 tax year (£25,400 for the 2012/13 tax year).
- You receive income from overseas on which tax is due in the UK.
- You are employed and want to claim expenses or professional subscriptions totalling more than £2,500.
- You owe tax to HMRC and it either cannot be collected via your tax code, or you would prefer to pay HMRC directly.

How do I get a tax return to complete?

- If you are commencing in self-employment or becoming a partner in a business, you need to register with HMRC by completing Form CWF1.
- If you are not self-employed, but need to complete a tax return for one of the other reasons outlined above, you need to complete Form SA1 to register for self-assessment.

These forms can be requested from HMRC or downloaded from the HMRC website, www.hmrc.gov.uk. In both of these instances HMRC will then issue a return to you at the end of the tax year.

Alternatively, provided that you have registered with HMRC and have your Unique Taxpayer Reference, you can phone HMRC and they will issue a return to you.

You should be aware that even if HMRC issues a tax return to you to complete, they may not send you all of the supplementary pages which are appropriate for your circumstances. It is possible to download from the HMRC website both the main body of the return and all of the supplementary pages which you may need.

Your final option is to complete your return online, so you do not need any paper forms to complete!

By when does my tax return need to be submitted?

If you are completing a paper tax return, it needs to be filed with HMRC by 31 October after the end of the tax year to which it relates (31 October 2013 for a 2013 tax return).

If you are filing your tax return online, you have until 31 January following the end of the tax year to which it relates (i.e. 31 January 2013 for a 2012 tax return, and 31 January 2014 for a 2013 return).

If you intend filing your return online, and you owe HMRC less than £3,000, and you are in employment, and wish your liability to be collected through your tax code, then the return must be filed by 30 December after the tax year to which it relates (30 December 2013 for a 2013 tax return).

Occasionally, HMRC issues tax returns after 31 July following the end of the tax year. In this situation you will have three months from the date of issue of the return in order to file it.

Tax-free income

Before we get started in earnest, it might be helpful if we just provide a list of the income that is **not** taxable.

The following sources of income are tax free:

- Adoption Allowances
- Adult Placement Carers' Income
- Annuities from gallantry awards
- Attendance Allowance
- Bereavement Payment
- Betting, lottery and pools winnings, and raffle prizes
- Car parking benefits
- Child Benefit
- Child dependency additions
- Child Tax Credit
- Child Trust Funds
- Children's savings accounts ('Junior ISAs')
- Christmas bonuses paid by the state to pensioners
- Compensation for loss of employment of up to £30,000 (professional advice must be sought)
- Compensation for mis-sold personal pensions
- Compensation paid to Equitable Life policyholders
- Council Tax Benefit
- Damages and compensation for personal injury, including interest
- Disability Living Allowance
- Educational Maintenance Allowance
- Electricity microgeneration for home use
- Foster care income
- Gifts for employees from third parties, if they are under £250 a year

- Gratuities and bounties from the armed forces
- Guardian's Allowance
- Home improvement, repair and insulation grants
- Housing Benefit
- Incapacity Benefit (short-term – lower rate) for first 28 weeks
- Incentives for electronic communications
- Income Support
- Individual Savings Accounts (ISAs)
- Industrial Injury Benefits
- Insurance bond withdrawals of up to 5% per year (this can be complicated and professional advice should be sought)
- Insurance policy payments (mortgage payment protection, permanent health, etc.)
- Interest from National Savings Certificates
- Interest on overpaid tax
- Invalidity pensions
- Jobfinder's Grant
- Life assurance policy bonuses and profits
- Long-service awards of up to £50 for each year of service (for employees)
- Lump sums from an approved pension scheme
- Maintenance or alimony payments
- Maternity Allowance
- Miners' Coal Allowance
- National Savings Certificates' increase in value
- Pension credits
- Pensions from Austria or Germany to victims of Nazi persecution
- Premium Bond prizes
- Provident benefits paid by a trade union of up to £4,000 for lump-sum payments
- Purchased life annuities – capital element only
- Rent-a-room relief, up to £4,250 a year
- Save As You Earn Schemes (SAYE) bonuses and interest
- Scholarship income and bursaries
- Severe Disablement Allowances
- Share option profits made under an SAYE option scheme – Capital Gains Tax may be payable
- Shares awarded under an approved Share Incentive Plan (professional advice must be sought)
- Social fund payments
- Statutory Redundancy Pay
- Strike and unemployment pay from a trade union
- Student Grants
- Suggestion scheme awards
- Training allowances for reserve forces
- Travel to work on a works bus
- TV licence payment
- Vaccine damage payment
- Venture Capital Trust dividends
- War Disablement Benefits
- War Widows' Pension
- Winter fuel payments
- Woodlands income
- Working Tax Credit

Summarising your information for the tax return

1. The tax return – Form SA100

For many people who fill in a tax return this may be the only section of the main return that you need to deal with. This will be the case if you receive only the following types of income:

- (a)** Bank and building society interest, whether tax or untaxed.
- (b)** UK dividends.
- (c)** Foreign dividends up to £300. (Dividends in excess of £300 need to be entered on supplementary card SA106.)
- (d)** State pension.
- (e)** Other pensions.
- (f)** Taxable Incapacity Benefit.
- (g)** Jobseeker's Allowance.

And where you only wish to claim relief for:

- (h)** Payments into pension schemes.
- (i)** Charitable giving.
- (j)** Blind Person's Allowance.

If you receive other types of income, then you will need to consider the other Cards in this Kit.

Tax return page 1

Before you start to assemble the information under categories **(a)** to **(j)** above, you will need to ensure that HMRC has your personal details correctly shown on the front page:

- Your address.
- Your National Insurance number.
- And, if you know it, your UTR (Unique Tax Reference), which is a ten-digit number that normally appears at the top left-hand corner of a tax return. HMRC can get your UTR wrong, so you do need to check it.



Tax Return 2012
 Tax year 6 April 2011 to 5 April 2012

UTR
NINO
Employer reference
Date
HM Revenue & Customs office address

Issue address

Telephone

For Reference

Your tax return

This notice requires you, by law, to make a return of your taxable income and capital gains, and any documents requested, for the year from 6 April 2011 to 5 April 2012.

Deadlines

We must receive your tax return by these dates:

- if you are using a **paper** return - by **31 October 2012**, (or 3 months after the date of this notice if that's later), or
- if you are filing a return **online** - by **31 January 2013**, (or 3 months after the date of this notice if that's later).

If your return is late you will be charged a **£100 penalty**.
If your return is more than 3 months late, you will be charged daily penalties of £10 a day.
If you pay late you will be charged interest and a late payment penalty.

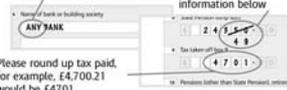
How to file your return

To file online, go to www.hmrc.gov.uk/online

To file on paper, please fill in this form using the rules below.

Use black ink and capital letters

Cross out any mistakes and write the correct information below



Please round up tax paid, for example, £4,700.21 would be £4701

- Enter your figures in whole pounds - ignore the pence. Round down income and round up expenses and tax paid - it is to your benefit.
- If a box does not apply, please leave it blank - do not strike through empty boxes or write anything else.

Starting your tax return

Before you start to fill it in, look through your tax return to make sure there is a section for all your income and claims - you may need some separate supplementary pages (see page TR 2 and pages TRG 2 to 6 of the tax return guide). If you need help please use the tax return guide, phone the number shown above or **0845 900 0444**, or go to www.hmrc.gov.uk/sa

Your personal details

<p>1 Your date of birth - it helps get your tax right DDMMYYYY</p> <p>□ □ □ □ □ □ □ □</p>	<p>3 Your phone number</p> <p>□ □ □ □ □ □ □ □ □ □</p>
<p>2 Your name and address - if it is different from what is on the front of this form, please write the correct details underneath the wrong ones, and put 'X' in the box</p> <p>□</p>	<p>4 Your National Insurance number - leave blank if the correct number is shown above</p> <p>□ □ □ □ □ □ □ □</p>

SA100 2012
Tax return: Page TR 1
HMRC 12/11

You are also invited to provide other information, such as your phone number, at the bottom of the page.

Once the above has been dealt with, then you can start to collect the information that is required for this year's return:

We will now take them in the order in which you will find them shown on a tax return form. First of all, here is Form SA100 for the 2012 tax return.

Tax return page 3 – ‘Income’

Interest and dividend income from UK banks, building societies, etc.

Income
Interest and dividends from UK banks, building societies etc.

1 Taxed UK interest etc. - the net amount after tax has been taken off (see notes) £ <input type="text"/>	4 Other dividends - do not include the tax credit (see notes) £ <input type="text"/>
2 Untaxed UK interest etc. - amounts which have not been taxed (see notes) £ <input type="text"/>	5 Foreign dividends (up to £300) - the amount in sterling after foreign tax was taken off. Do not include this amount in the Foreign pages £ <input type="text"/>
3 Dividends from UK companies - do not include the tax credit (see notes) £ <input type="text"/>	6 Tax taken off foreign dividends - the sterling equivalent £ <input type="text"/>

UK pensions, annuities and other state benefits received

7 State Pension - the amount due for the year (see notes) £ <input type="text"/>	11 Tax taken off box 10 £ <input type="text"/>
8 State Pension lump sum £ <input type="text"/>	12 Taxable Incapacity Benefit and contribution-based Employment and Support Allowance - see notes £ <input type="text"/>
9 Tax taken off box 8 £ <input type="text"/>	13 Tax taken off Incapacity Benefit in box 12 £ <input type="text"/>
10 Pensions (other than State Pension), retirement annuities and taxable triviality payments - give details of the payers, amounts paid and tax deducted in the 'Any other information' box, box 19, on page TR 6 £ <input type="text"/>	14 Jobseeker's Allowance £ <input type="text"/>
	15 Total of any other taxable State Pensions and benefits £ <input type="text"/>

Other UK income not included on supplementary pages
Do not use this section for income that should be returned on supplementary pages. Share schemes, gilts, stock dividends, life insurance gains and certain other kinds of income go on the *Additional information* pages in the tax return pack.

16 Other taxable income - before expenses and tax taken off £ <input type="text"/>	19 Benefit from pre-owned assets - read page TRG 15 of the guide £ <input type="text"/>
17 Total amount of allowable expenses - read page TRG 15 of the tax return guide £ <input type="text"/>	20 Description of income in boxes 16 and 19 - if there is not enough space here please give details in the 'Any other information' box, box 19, on page TR 6 <input type="text"/> <input type="text"/> <input type="text"/>
18 Any tax taken off box 16 £ <input type="text"/>	

SA100 2012 Tax return: Page TR 3 HMRC 12/11

Please note:

- The taxman does not want you to enter the figure of pence; round it down to whole pounds.
- If any of the following accounts are held jointly, with a spouse, for example, and the income is divided equally between you, then halve all the figures so that only your share is entered on your tax return, not the full amounts. You can use the boxes below to summarise your interest details.
- Sources of income listed on pages 7 and 8 of this Manual are tax free and do not need to be listed.

Tax return page 3

BOX 1. TAXED UK INTEREST				
Source and account number	Date received	Gross interest before tax deducted	Tax deducted	Net after tax has been deducted
Totals		£	£	£

▲ This total goes into Box 1. Whole pounds – no pence should be given



BOX 1 TAX TIP

The financial institution should have sent you a statement summarising the above information. If they have, there is no need to write down the individual items, date by date.

BOX 2. UNTAXED UK INTEREST		
Source and account number	Date received	Gross interest
Totals		£

🏠 This total goes into Box 2. Whole pounds – no pence should be given



BOX 2 TAX TIP

As accountants, we know that this is probably the commonest source of income to get overlooked. HMRC are very hot on anyone who omits untaxed interest, so please be sure to complete this section accurately and fully.

The omission of net interest from the return can also have serious tax consequences, so please be sure that you consider all these entries carefully.

Some financial institutions provide what are termed ‘bond’ accounts. Occasionally, the only way of knowing what interest you have been paid is by comparing the bond value at maturity with the amount initially invested.

BOX 3. DIVIDENDS FROM UK COMPANIES		
Name of company	Date received	Net dividend received – do NOT include tax credit.
Totals		£

🏠 This total goes into Box 3. Whole pounds – no pence should be given

Dividend voucher(s) will have been sent to you by the companies concerned, and also from your stockbroker’s reports

Tax return page 3, continued – ‘UK pensions, annuities and other state benefits’

BOX 7. STATE PENSION	£
-----------------------------	----------

You will receive notification of this amount from the benefits agency both when the pension starts and each April thereafter. If, however, you are adding up the amounts you have received in the year from (say) your bank statements, please be sure not to include the non-taxable Christmas bonus and any cold weather payments.

BOX 8. STATE PENSION LUMP SUM	£
--------------------------------------	----------

This arises when you have deferred taking your pension.

BOX 9. TAX TAKEN OFF BOX 8	£
-----------------------------------	----------

BOXES 10 AND 11. PENSIONS (OTHER THAN STATE PENSION) RETIREMENT ANNUITIES AND TAXABLE TRIVIALITY PAYMENTS

Provider	Gross pension	Tax deducted
Totals	£	£
	🏠 Box 10	🏠 Box 11

BOXES 12 AND 13. TAXABLE INCAPACITY BENEFIT

	Incapacity Benefit	Tax deducted
Totals	£	£
	🏠 Box 12	🏠 Box 13

BOXES 14 AND 15. JOBSEEKER'S ALLOWANCE

	Jobseeker's Allowance	Tax deducted
Totals	£	£
	🏠 Box 14	🏠 Box 15

