

TAX

BUSINESS

COMPLIANCE

**YOUR
MARCH 2025
MONEY POWER
BRIEFING**

LISA HAY

REALLY GREAT SUPPORT

**ESSENTIAL
FINANCIAL
INSIGHTS
FOR
BUSINESS
SUCCESS**

**CUT TAXES
BEFORE THE
YEAR-END
& KNOW YOUR
CLIENTS**

BUSINESS



MONTHLY MONEY POWER BRIEFING

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Get in touch - we're just a call or email away! Stay tuned for upcoming courses and deep dives!

EDITOR'S NOTE



Dear Business Owners,

Welcome to the March edition of the Monthly Money Power Briefing! I'm so glad you've joined us for another month of insights, strategies, and practical advice to help your business thrive.

This month, we take a look at a powerful strategy to increase profits: segmenting and analysing your customers. Understanding your customer base at a deeper level can unlock new opportunities, optimise your offerings, and significantly enhance your bottom line.

So, grab a coffee, take a moment to read, and give yourself 10 minutes to digest the insights—who knows, it could spark a game-changing idea for your business!

Yours in Success,
Lisa x



Monthly Spotlight

Tax Year-End, Act Now!

With the 5th April tax year-end fast approaching, it's action time! Take smart, swift action now to maximise tax savings and keep your business on the right side of compliance.

Why Take Action Now?

With the tax year-end in sight, maximising your annual tax-free allowances and exemptions should be a top priority. Every year, individuals and businesses often pay more tax than necessary—don't let this happen to you!

Once the new tax year begins, many valuable tax reliefs disappear—it's a classic case of "use them or lose them." But don't worry—there's still time to make the most of your tax-free allowances before 5th of April 2025.



Pension Contributions Provide Significant Tax Advantages...

Maximise your tax savings and boost your financial future with smart pension contributions, here's some key facts...

- **Pension Contribution Limit:** Contribute up to 100% of earnings (capped at £40,000) and receive income tax relief at your marginal rate.
- **20% Automatic Tax Relief:** The government adds 20% directly to your personal pension pot.
- **Higher Rate Tax Relief:** Claim an extra 20% (higher rate) or 25% (additional rate) through your tax return.
- **Avoid Child Benefit Tax Charge:** Pension contributions reduce taxable income, helping avoid the child benefit tax charge over £50,000
- **Double Benefit:** Gain tax relief on contributions and prevent the reduction of child benefits by 1% for every £100 of income over £50,000. — offering double tax savings!
- **And ... Company Pension Contributions:** Tax-deductible for your business, a great way to reduce your Corporation Tax bill.

Whatever your pension investment, it's a powerful way to save tax and secure your future.

6 Smart Tax Moves Before Year-End

1. **Maximise Tax Allowances:** Ensure you've used your personal, dividend, and savings allowances to reduce your tax bill.
2. **Boost Pension Contributions:** Topping up your pension provides significant tax advantages.
3. **Make Charitable Donations:** Donations through Gift Aid can cut your tax liability.
4. **Fill Your ISA:** Use your £20,000 ISA allowance for tax-free savings.
5. **Plan for Capital Gains Tax (CGT):** Utilise your £3,000 CGT allowance by selling any assets that you have been meaning to sell.
6. **Save for Your Children:** Contribute to a Junior ISA, with a £9,000 limit for 2024-25 - an excellent way to build tax-free savings for a child's future.

Save tax, boost savings, and secure your financial future!



Profit Pulse

This Month - Let's Dive into Your Client Base...

Know Your Client Base - To Boost Profits

Understanding your client base is a powerful strategy for increasing profits. By identifying who your most valuable clients are and what they need, you can tailor your offerings and services to encourage repeat business and higher spending.

This targeted approach not only boosts sales but also enhances customer satisfaction and loyalty, leading to long-term profitability.

Focusing on your client base also helps allocate resources efficiently. By prioritising high-value clients and avoiding those less profitable, you can refine redirect resources and efforts to enhance operational efficiency.

A deep dive into your client data can also uncover new revenue opportunities.



Do You Know Each Client's Value?

Average gross profit per client is a great KPI to understand the profitability of your client base. It's simple to calculate: take your total revenue, deduct your direct costs and then divide by the number of active clients. Direct costs typically include wages for servicing clients or the cost of goods.

You can then repeat this for each of your clients and compare it to your average calculation.

While this might take some effort depending on your bookkeeping system, it provides super valuable insight into the true value of each client.

Quick Win Of The Month

Review customer payment terms - can you shorten them to improve cash flow?

So...

What Can I Do?

This calculation provides insight into your client base quality - use it well and analyse the data.

Do you rely on a few high-paying clients or many smaller, lower-revenue clients? Are there any clients that you may consider disengaging? Are there any clients you can offer additional services to increase profitability?

You may also want to try this calculation by grouping your clients by industry, region, or work type to calculate average revenue or gross profit, revealing your most valuable client segments.



In short, understanding your client base isn't just about building strong customer relationships - it's a direct path to boosting profitability and ensuring long-term business growth and stability.

COMPLIANCE

Mastering the Art of Compliance Understanding HMRC...

Who Are HMRC?

His Majesty's Revenue and Customs (HMRC) is the UK's tax, payments and customs authority, they have a vital purpose: they collect the money that pays for the UK's public services such as roads and hospitals.

HMRC also operates as a law enforcement agency, tasked with investigating and combating tax fraud, excise (tobacco and alcohol) fraud, smuggling, money laundering, and other offences against the Treasury.

HMRC is a vast operation, it has 14 regional centres across the UK and employs over 66,000 people nationwide, making it one of the largest employers in the UK.



Could You Be on HMRC's Radar?

HMRC can check your tax affairs at any time, whether you're an individual taxpayer or a business owner. But what triggers an investigation?



Here are the most common red flags that may prompt a closer look...

- **Late Returns and Payments:** Consistently missing deadlines for tax submissions or payments
- **Frequent Use of Estimates:** Regularly using provisional figures instead of actual numbers
- **Unexplained Financial Fluctuations:** Large, sudden changes in your reported income or expenses without clear reasons.

What Do I Have to Submit to HMRC?

As a business owner or company director, you'll typically need to submit the following to HMRC:

For Limited Companies:

- **Corporation Tax Return (CT600):** Submit annually along with full company accounts.
- **PAYE & Payroll Submissions:** If you have employees, submit Real Time Information (RTI) each time you pay them.
- **VAT Returns:** If your business is VAT-registered, typically submitted quarterly.

For Self-Employed Individuals:

- **Self-Assessment Tax Return:** Submit annually by 31 January for the previous tax year.
- **National Insurance Contributions:** Depending on your earnings, pay Class 2 and Class 4 NICs.

Additional submissions may be required, for example, if you sell a residential property, provide employee benefits or operate within the construction industry.

lisahayaccountant





In The News

Real World Insights



Race to Beat £10k Stamp Duty Bill

As the deadline of April 1st nears, around **550,000 house buyers are rushing to finalise their purchases before the reduced stamp duty rates revert to 2022 levels.**

From April, the £250,000 SDLT exemption will be removed, and only the first £125,000 of a property purchase will be

exempt. The portion between £125,000 and £250,000 will be taxed at a 2% rate, meaning buyers could face a bill ranging from £6,000 to £10,000.

Forecasts suggest that London will suffer the greatest impact from the SDLT reversion, with the South East and East of England following.



Nice Try!

The Jerk Yard, a pop-up food vendor appealed against a VAT late payment penalty, blaming HMRC for a delayed refund impacting their cash flow and therefore ability to pay their tax liability.

The tribunal ruled they could've simply asked for a payment plan! So! **Know your cashflow, be curious about solutions and talk to HMRC.**

Drive An EV? Use This Loophole By 31st March To Push The £195 Car Tax Hike Back A Year!

Savvy EV owners can **lock in the current VED exemption by renewing their vehicle tax before April 1 at no extra cost**, sidestepping the upcoming £195 rate for another year.



Motorists can do this as they are allowed to renew tax on their car in any month they want, no matter when when it is due to expire.

Why the changes? As more drivers switch to electric, fewer motorists are paying road tax, which cuts into government revenue. Additionally, the shift to EVs means lost fuel duty as

EVs don't require petrol or diesel, which has tax baked into the price at the pump.

While the government **aims to end new combustion engine sales by 2030** and transition to zero-emission vehicles by 2035, 80% of experts believe these targets are unrealistic without stronger EV incentives.

CONTACT US

Save Money / Stay Compliant / Reduce Stress

**Discover our previous briefings at
www.taxtalks.co.uk/moneypowerbriefings**

Congratulations on diving into this month's Money Power Briefing, brought to you by Tax Talks! By staying informed, you're keeping up with regulatory requirements, enhancing your financial savvy, and discovering powerful tax-saving and profit-boosting strategies to drive your business forward.

Need More?

Keep an eye out for our upcoming courses this year, where we'll be taking a deep dive into tax-saving strategies and compliance essentials—ensuring your business stays on track, maximizes tax savings, and remains fully compliant.

Remember, staying on top of your tax process is a year-round effort, If you're ready to dive deeper into tax-savings and learn how to confidently lead your finances, follow me 'lisahayaccountant' on **Instagram** and learn how to save tax, stay compliant and reduce stress.



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