



**Chartered Certified
Accountants**

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INCOME TAX - INFORMATION FOR CLIENTS Walsh West Certified Chartered Accountants 2021

What is income tax?

Income Tax is a tax you pay on your income. You do not have to pay tax on all types of income.

You pay tax on things like:

- money you earn from employment.
- profits you make if you're self-employed - including from services you sell through websites or apps
- some state benefits
- some grants, including the Self-Employment Income Support Scheme, the Small Business Grant Fund, the Retail, Hospitality and Leisure Grant Fund, the Coronavirus Job Retention Scheme and the Test and Trace Support Payment in England (or the Self-isolation Support Payment in Scotland and the Self-isolation Support Scheme in Wales)
- most pensions, including state pensions, company and personal pensions and retirement annuities.
- rental income (unless you're a live-in landlord and get less than the rent a room limit)
- benefits you get from your job.
- income from a trust
- interest on savings over your savings allowance

You do not pay tax on things like:

- the first £1,000 of income from self-employment - this is your 'trading allowance'
- the first £1,000 of income from property you rent (Unless you're using the Rent a Room Scheme)
- income from tax-exempt accounts, like Individual Savings Accounts (ISAs) and National Savings Certificates
- dividends from company shares under your dividends allowance
- some state benefits
- premium bond or National Lottery wins
- rent you get from a lodger in your house that's below the rent a room limit



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If you only occasionally sell items or rent out property (for example through auction websites or short-term rental apps), check if you need to tell HMRC about this income.

Income Tax allowances and reliefs

Most people in the UK get a Personal Allowance of tax-free income. This is the amount of income you can have before you pay tax.

The amount of tax you pay can also be reduced by tax reliefs if you qualify for them.

For initial advice about Accounting and Taxation; call our team on 0203 488 7503, 01992 236 110 or contact us by email at welcome@walshwestcca.com or via our website www.walshwestcca.com and we will help you.