



Top Ten Tips: Music, Media and Entertainment

These tips are designed to help you achieve business success in the creative sector and ensure you are operating in the most tax efficient manner.

1. Do you Qualify for One of the Seven Corporation Tax Reliefs Available?

Your company may be able to claim one of the creative industry tax reliefs if it is:

- liable to Corporation Tax
- directly involved in the production and development of:
 - certain films
 - high-end and children's television programmes
 - animation programmes
 - video games
 - theatrical productions and orchestral concerts

More information about these tax reliefs are available on gov.uk or you can contact our tax specialist Neill Staff at neill.staff@raffingers.co.uk.

2. Can you Benefit from Investment Through the EIS or SEIS?

If your company has been trading for less than two years, with less than £200,000 of assets you may be able to benefit from investment through the Seed Enterprise Investment Scheme (SEIS). Or, if your company is under 10 years old, with less than £15million of assets the Enterprise Investment Scheme (EIS) may be for you. These schemes are particularly attractive to creative sector investors.

3. Are you Eligible for Research and Development Tax Credits?

Any business that invests, develops or innovates a product or process could be eligible for Research and Development Tax Credits (R&D). It is not just those who are in the technology sector that qualify. If you have developed a new product or even an internal software, you may be eligible to claim the relief.

4. Use Technology to Your Advantage

Cloud accounting is revolutionising how businesses and individuals process their accounts. You can now discover so much more information about your finances and produce up-to-date reports and forecasts that can measure any data set or KPI of your choosing. Make sure you are using this to your advantage, are aware of your business' current financial position and have clear goals and strategies in place to help drive your business forward.



5. **Pay Yourself Efficiently**

The dividend allowance has been reduced. Limited company shareholders can currently receive up to £5,000 in dividend income tax-free. This will fall to £2,000 from April 2018. How you pay yourself has a significant impact on the tax you pay - you need to consider salary, dividends and benefits in kind, and agree on the right split.

6. **Keep it in the Family**

The personal allowance is currently £11,000 of tax free income. You may be able to utilise the personal allowances of family members who are able to carry out duties in your business.

7. **Working from Home?**

If you work from home you can claim a tax deduction to cover part of your home running costs. HMRC allow (a modest) £4/week without asking for any evidence. You may be able to claim more, depending on the proportion of your home used for work purposes.

8. **Correctly Differentiate Workers and Freelancers**

Many businesses have found themselves with very expensive tax and NI bills for employees that they regarded as contractors and/ or freelancers. Therefore, if you use contract workers or freelancers (or are one yourself), make sure the taxman has no grounds to treat them (or you) as employees.

9. **Use Losses to Reduce Current Tax Bills**

If you are self-employed it may be possible to offset the losses against your other income, or even against income from the previous year. The loss available may be restricted, including for non-active sole-traders or partners, so professional advice should be taken. It may also be possible to use the losses to reduce your National Insurance bills.

10. **Don't be caught out by unnecessary fines**

Be organised and make sure you are aware of your legal requirements. For example, P11D rules and regulations are complex and the penalties applied for not submitting returns on time are hefty. If you are a director of a company and your company has provided benefits or expenses to either yourself or your employees, you are required by law to provide details of these benefits to HMRC via a P11D. We advise you keep on top of your obligations.