



TAXATION (TX-UK)

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Pocket notes

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chapter

1

Income tax: basic computation, investment and property income

In this chapter

- Tax year.
- Taxable income.
- Exempt income.
- Pro forma – income tax computation – 2025/26.
- Reliefs.
- Personal allowance (PA).
- Child benefit tax charge.
- Calculating income tax.
- Tax rates.
- Tax deducted at source.
- Property income.
- Joint income.
- Investment income.
- Residence.

Tax year

- An individual's taxable income is taxed in respect of a tax year.
- Runs from 6th April to following 5th April.

Tax year 2025/26: 6 April 2025 to 5 April 2026.

Taxable income

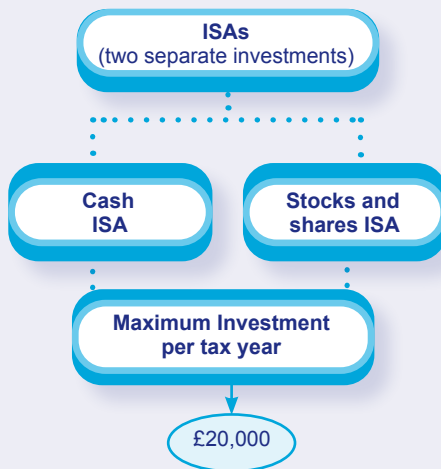
Taxable income	Basis of assessment
Profits from a trade/profession/vocation	Taxable trading profits arising in the tax year
Interest received from UK sources	
Income from employment	Income received in the tax year
Dividend income	
Property income	Income received in the tax year is the default basis (accruals basis is used in certain circumstances)

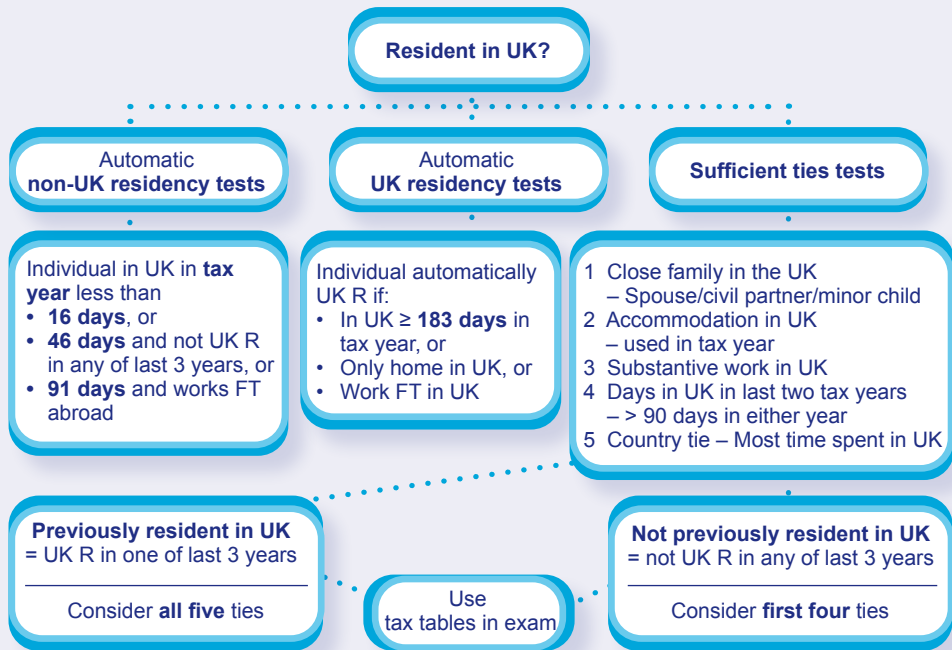
Joint income

- Applies to married couples and civil partnerships.
- Normal assumption = 50/50 split.

Can elect for income to be taxed according to actual percentage ownership.

Investment income





chapter

2

Employment income

In this chapter

- Employment v self-employment.
- Employment income.
- Benefits.
- Living accommodation.
- Company cars.
- Fuel benefit.
- Company vans.
- Beneficial loans.
- Use and transfer of assets.

Employment v self-employment

An employee works under a **contract of service** and a self-employed person under a **contract for services**.

The main criteria to consider when deciding between the two are:

- **Hours**
- **Integration**
- **Source of work**
- **Control**
- **Holidays**
- **Obligation**
- **Risk/Reward**
- **Equipment**
- **Substitutes**



Key Point

Remember: HIS CHORES

Employment income

Basis of assessment

- Earnings are taxed on the receipts basis
 - Usually amounts are taxable for the tax year in which they are paid regardless of when earned.
 - An earlier 'received' date can apply for directors:
 - the date when the earnings are credited in the company's books (internal accounts) as payable to the director
 - the end of the accounting period, where earnings are determined before the end of that period
 - the date when earnings are determined, if after the end of the accounting period.