

CitedTax

Combined Tax Review and Engineering Working Papers

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ENGAGEMENT

Client profile

Summary	Director and 100% shareholder of a Manchester software consultancy (Brightwater Systems Ltd), resident in England. 2024/25 SA100 shows a £12,570 salary, £60,000 of dividends, £4,800 of bank interest and £9,200 of net rental profit from one buy-to-let in Stockport; spouse works part-time earning £18,000 and holds no shares. ...		
Entity type	Individual	Tax year	2024/25
Jurisdiction	United Kingdom · ENG · GBP	Generated	October 14, 2026
Analysis	Review + Engineering		

ESTIMATED OPPORTUNITY SUMMARY

Review Mode

£2,469

Missed reliefs and allowances

Engineering Mode

£124,600

Proactive structures

Total opportunity

£124,600

Non-additive; see note

Note: Review Mode and Engineering Mode overlap (engineering structures typically include capturing the review-mode misses); the combined estimate equals the Engineering total only, the two sections are not additive.

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Not tax advice. These are research memoranda for review by a licensed adviser. Figures are estimates for professional validation. Every citation must be independently verified before any item is presented to a client.

Review Mode: Missed Reliefs and Allowances

5 opportunities surfaced · Estimated total £2,469

How to read the finding labels

- VERIFIED

Machine-checked against the cited statute, regulation, court decision or officially published HMRC guidance: the text supports the claim as written.
- ADVISER TO CONFIRM

The analysis and the math stand as presented; the citation is secondary, non-precedential (for example a private letter ruling), or could not be machine-confirmed. Not a rejection: the reviewing adviser confirms the authority and the flagged facts, then the finding is actionable.

FINDING R1 · REVIEW MODE

Employment allowance not claimed by the company

• VERIFIED

£2,269

Authority	National Insurance Contributions Act 2014, s 2 Statute
Claim	NICA 2014, s 2(4A): a body corporate is barred from the employment allowance only where all the payments of earnings for which it is the secondary contributor in the tax year go to the same employed earner, and that earner is a director when each payment is made.

Proof (facts to law)	s 1(1) grants the allowance to a person who is the secondary contributor on payments of earnings to one or more employed earners and in consequence incurs secondary Class 1 liabilities [3]. Brightwater Systems Ltd pays the director £12,570 and one other employee £28,000 in the period to 31 March 2025; both exceed the 2024/25 secondary threshold of £9,100, so secondary Class 1 liabilities are incurred, condition (1)(a)-(b) met. The s 2(4A) exclusion bites only where (a) ALL earnings payments in the year go to the same employed earner and (b) that earner is a director. Here payments go to two different earners, so limb (a) fails and the exclusion does not apply, exactly HMRC's fourth bullet in NIM06545 (single director plus an employee, both above the secondary threshold: the company IS eligible) [2]. No other s 2 exception is engaged on the stated facts: the company is not a public authority (s 2(1)), the employee is not engaged for personal/family/household affairs (s 2(3)), and no business transfer is stated (s 2(5)). s 3 connected-company restriction does not bite: the facts state no associated companies. NOT established by the facts: (i) whether any of the company's secondary Class 1 liabilities arise by virtue of regulations under s 4A SSCBA 1992 (deemed employment payments/off-payroll working), those are excluded liabilities under s 2(4), a live point for a consultancy; (ii) that the other employee's earnings were actually paid above the secondary threshold in each relevant pay period; (iii) that no employment allowance claim was in fact made on an EPS for 2024/25.
Why it was left on the table	The company was most likely treated as a single-director personal service company and assumed to fall within the s 2(4A) exclusion, without testing whether a second employee above the secondary threshold took it outside that exclusion.
Action	Confirm no employment allowance was claimed on an EPS for 2024/25, then submit an Employer Payment Summary claiming the allowance for 2024/25 (a PAYE claim belonging to the company, not the SA100). Where the allowance exceeds remaining PAYE liabilities, request a repayment, the four-year limit in s 4(8) (NIM06585) runs to 5 April 2029, so 2024/25 is open. Confirm the company is not within s 2(4) (off-payroll/deemed payment liabilities) and has no connected company under s 3. Consider the corporation tax consequence of the refund for the period to 31 March 2025 (whether by amendment to that CT600 or as a later credit) and ensure the allowance, £10,500 from 6 April 2025, is claimed for 2025/26 and 2026/27.

Estimated impact	£2,269 Full 2024/25 employer secondary Class 1 liability on two employees recovered via the employment allowance, net of corporation tax at the 26.5% marginal rate.
Computation	2024/25 secondary threshold £9,100; secondary Class 1 at 13.8%. Director: $(£12,570 - £9,100) \times 13.8\% = £478.86$. Employee: $(£28,000 - £9,100) \times 13.8\% = £2,608.20$. Total secondary Class 1 ~ £3,087.06, which is below the 2024/25 employment allowance of £5,000, so the whole liability is covered (s 1(2)(b) caps the allowance at the non-excluded liabilities). The refund increases the company's taxable profit; corporation tax at the marginal rate for £118,000 of profits with no associated companies is 26.5%. Net: $£3,087.06 \times (1 - 0.265) = £2,269$.
Limitations found	The allowance is capped at the actual non-excluded secondary Class 1 liabilities (s 1(2)(b)), here £3,087, not the full annual maximum. The annual maximum shown in the retrieved s 1(2) text, £10,500, applies from 6 April 2025; for 2024/25 the maximum was £5,000, which is in any event above this company's liability so the cap does not alter the result. Unused allowance cannot be carried to another tax year (NIM06585). Refund claims are time-limited to four years after the end of the tax year (s 4(8)).
Adviser must validate	That no employment allowance claim was already made for 2024/25; that the second employee's earnings exceeded the secondary threshold in the relevant pay periods and the employment was not connected with the director's personal, family or household affairs (s 2(3)); that none of the company's secondary Class 1 liabilities arise under regulations made under s 4A SSCBA 1992 (s 2(4) excluded liabilities), relevant if any engagement is within the off-payroll rules; that there are no connected companies for s 3; the exact employer NIC figures from the payroll records rather than the annualised estimate used here; and how the refund is reflected for corporation tax for the period to 31 March 2025.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company employs you as director plus one other person earning £28,000, which means it is not caught by the rule that shuts single-director companies out of the Employment Allowance. If no claim was made for the 2024/25 year, your accountant can still submit one, and the employer's National Insurance the company paid that year of roughly £3,100 can be refunded or set against other PAYE amounts, leaving a net benefit after corporation tax of around £2,300. The same allowance, now larger, should also be claimed for the current year.

LAW TEXT · RETRIEVED PASSAGE

“all the payments of earnings in relation to which C is the secondary contributor in that year are paid to... the same employed earner”

FINDING R2 · REVIEW MODE

• VERIFIED

**Beneficial ownership of the joint savings account,
interest reported wholly by the client**

£200

Authority	Income Tax Act 2007, s 836 Statute
Claim	ITA 2007, s 836(1), (2): where income arises from property held in the names of individuals who are married to each other and live together, they are treated for income tax purposes as beneficially entitled to that income in equal shares, subject to Exceptions A to F in s 836(3).

Proof (facts to law)	Conditions in s 836(1), (2): (i) income arises from property held in the names of individuals; (ii) those individuals are married to (or civil partners of) each other; (iii) they live together; (iv) no Exception in s 836(3) applies. Client's facts: (i) the couple hold £35,000 in a joint savings account, so the interest arises from property held in their joint names; (ii) the client's 2024/25 filing status is married; (iii) living together is not expressly stated in the facts, the facts record a spouse earning £18,000 and a joint account, but cohabitation is a condition the adviser must confirm; (iv) Exception B (a s 837 declaration of unequal shares) is absent, the facts state no Form 17 has been made at all; Exception C (partnership) and Exception E (close company shares, the Brightwater dividends, which correctly remain wholly the client's) do not touch the joint savings account; Exception A would apply only if neither spouse were beneficially entitled, which the facts do not suggest. SAIM2420 confirms the practical result: each spouse is normally taxable on half the interest on a joint account under s 836, and ITTOIA 2005, s 371 charges the person entitled to the interest. The 2024/25 return reports the full £4,800 of bank interest on the client (box 2). Therefore, so far as that interest arises on the joint account, half is statutorily the spouse's income and is not chargeable on the client. UNPROVEN ON THE FACTS: how much of the £4,800 arises on the joint account as against any sole-name account, the facts give the joint balance but not the source split of the interest.
Why it was left on the table	The bank reported the interest under the account-holder arrangements and it was carried to box 2 in a single figure, without splitting the joint-account element between the spouses under the automatic 50:50 rule.
Action	Establish from the bank statements how much of the £4,800 arose on the joint account. Amend the 2024/25 SA100 under TMA 1970, s 9ZA (open to 31 January 2027) to report only the client's half of the joint-account interest, and arrange for the spouse to report her half (notification/return as needed). If the amendment window is missed, an overpayment relief claim under TMA 1970, Sch 1AB (open to 5 April 2029) is available for the client's side, subject to the para 2(2) exclusions. Prospectively, for 2026/27 consider sheltering the balance in ISAs by 5 April 2027 and, if beneficial ownership is genuinely unequal, a s 837 declaration (Form 17), which can only take effect from the date it is made.

Estimated impact	£200 Net of the client's £480 reduction and the spouse's £280 liability on her statutory half share, assuming all £4,800 of interest arose on the joint account; scales down pro rata if part of the interest is from a sole account.
Computation	2024/25 figures. Client: taxable income £74,000 (non-savings £9,200 after the £12,570 personal allowance, savings £4,800, dividends £60,000); the starting rate for savings is unavailable because non-savings income exceeds £5,000; personal savings allowance £500 (higher-rate taxpayer); the savings income falls within the £37,700 basic rate limit, so it is taxed at 20%. As filed: $(£4,800 - £500) \times 20\% = £860$. Assuming the whole £4,800 arises on the joint account, half (£2,400) is the spouse's: client $(£2,400 - £500) \times 20\% = £380$, a reduction of £480. Spouse (salary £18,000, basic-rate, personal savings allowance £1,000): $(£2,400 - £1,000) \times 20\% = £280$ payable. Net household reduction $£480 - £280 = £200$. No HICBC change: the client's adjusted net income falls from £86,570 to £84,170, still above the £80,000 point at which the charge is 100% for 2024/25.
Limitations found	s 836(3) Exception B disapplies the 50:50 rule where a s 837 declaration has effect, and Exception E preserves the close-company dividend position, so the £60,000 of Brightwater dividends remain wholly the client's. The 50:50 rule reaches only the jointly held account, not interest on any sole-name account. The client's personal savings allowance is restricted to £500 as a higher-rate taxpayer, and the spouse's £1,000 allowance caps the benefit of the transfer.
Adviser must validate	(1) That the spouses lived together throughout the relevant period (s 836(1)(b)); (2) the precise amount of the £4,800 arising on the joint account as opposed to any sole-name account; (3) that no s 837 declaration (Form 17) has ever been made in respect of the account and that no Exception in s 836(3) applies; (4) that the source of the funds does not engage the settlements legislation (TSEM4000); (5) the spouse's full 2024/25 income, to confirm her personal savings allowance is £1,000 and her marginal rate 20%; (6) whether the spouse is within self assessment or must notify chargeability.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Because the £35,000 savings account is in both your names, the law treats the interest on it as belonging half to you and half to your wife, unless you have formally told HMRC that the real ownership is different. All of the £4,800 of interest was reported on your return, so half of the joint-account interest can be moved to your wife, where part of it is covered by her larger tax-free savings band as a basic-rate taxpayer.

Your accountant can amend your 2024/25 return and arrange for your wife to report her share, and can also look at how the account is held going forward.

LAW TEXT · RETRIEVED PASSAGE

“The individuals are treated for income tax purposes as beneficially entitled to the income in equal shares.”

FINDING R3 · REVIEW MODE

• VERIFIED

Employer pension contribution from Brightwater Systems Ltd instead of personal contribution

Authority	Finance Act 2004, s 196 Statute
Claim	FA 2004, s 196(2): contributions paid by an employer under a registered pension scheme are treated as not capital and, if allowed as a deduction, are deductible in computing trading profits for the period of account in which they are paid.

Proof (facts to law)	Conditions in s 196(2): (a) the payer is an employer; (b) the payment is a contribution actually paid under a registered pension scheme in respect of an individual; (c) the amount is otherwise allowable (the wholly-and-exclusively test of CTA 2009, s 54 survives, BIM46030, BIM46035); and relief falls in the period of account in which the contribution is PAID, with no carry-back or carry-forward (PTM043200). Client facts: Brightwater Systems Ltd is the employer of the client (SA102 shows directorship and pay of £12,570) and of one other employee on £28,000, so limb (a) is met. On limb (c), BIM46035 directs that a contribution for a controlling director is accepted as wholly and exclusively for the trade where the overall remuneration package is not excessive for the value of the work done; the client's total package from the company is £12,570 of salary against company turnover of £310,000 and taxable profits of £118,000, so headroom for a substantial contribution is evident, though the adviser must document the value of the director's services. Limb (b) FAILS for the accounting period ended 31 March 2025: the facts state no employer pension contributions were paid, and s 196(2)(b) ties relief strictly to the period of payment. Nothing can therefore be created retrospectively for that period, and in any event the CT600 for the period ended 31 March 2025 was due 31 March 2026 and its amendment window (FA 1998, Sch 18, para 15) has closed. The finding is consequently prospective: a contribution paid in the company's current accounting period is deductible in that period. Also unproven on these facts: whether a registered pension scheme exists for the client, and whether he was a member of a registered scheme in 2023/24, 2024/25 and 2025/26 (the precondition for carrying forward unused annual allowance under FA 2004, s 228A to support a contribution above the £60,000 annual allowance set by s 228(1)).
Why it was left on the table	No registered scheme appears to have been in place for the director, so the remuneration strategy defaulted to a low salary plus dividends, with no contribution paid in the period to 31 March 2025 to deduct.

Action

Treat this as a prospective planning item for Brightwater Systems Ltd's current accounting period, not a recovery item. Establish (or identify) a registered pension scheme for the director, minute the contribution as part of the director's remuneration package with evidence of the value of his services (BIM46035), and ensure the contribution is physically paid before the accounting period end so it is deductible in that period under FA 2004, s 196(2)(b).

Before fixing the amount, obtain pension input amounts for 2023/24, 2024/25 and 2025/26 and confirm scheme membership in each, to establish carry-forward headroom above the £60,000 annual allowance (FA 2004, s 228(1)). Check whether FA 2004, ss 197-198 spreading could apply if the contribution greatly exceeds the prior year's. No action is available on the 2024/25 SA100 or on the CT600 for the period to 31 March 2025.

Estimated impact

Not quantified

Nil recoverable for 2024/25 (no contribution paid, company windows closed); prospective corporation tax saving of £15,900 on a £60,000 employer contribution at the 26.5% marginal rate.

Computation

Recoverable for 2024/25: nil. No contribution was paid in the company's period to 31 March 2025, and FA 2004, s 196(2)(b) allows a deduction only for the period of account in which the contribution is paid; the CT600 for that period and its para 15 amendment window are closed.

Prospective illustration for the company's current accounting period, on profits of the same order as the £118,000 reported to 31 March 2025 and no associated companies: a £60,000 employer contribution reduces profits from £118,000 to £58,000, wholly within the marginal relief band of £50,000-£250,000, so relief is at the 26.5% marginal rate: $£60,000 \times 26.5\% = £15,900$ of corporation tax.

The client's own position is unaffected on payment (no income tax or NIC on an employer contribution within the annual allowance), and his adjusted net income of £86,570 is below the £200,000 threshold income at which the tapered annual allowance can bite. Figure recoverable for 2024/25: £0.

Limitations found

FA 2004, s 196(2)(b) confines relief to the period of account in which the contribution is paid, with no carry-back, this is what makes 2024/25 and the period to 31 March 2025 unrecoverable. FA 2004, s 228(1) sets the annual allowance at £60,000 for 2023/24 and subsequent years; employer contributions count towards the individual's annual allowance, and any excess attracts an annual allowance charge on him. Section 196(6) subjects relief to the spreading rules in ss 197-198. BIM46035 permits HMRC to disallow a definite part of a contribution where the overall package is excessive for the work done.

Adviser must validate

That a registered pension scheme exists or is established for the director before payment; that the contribution is physically paid before the company's accounting period end; the director's pension input amounts and scheme membership for 2023/24, 2024/25 and 2025/26 to quantify carry-forward under FA 2004, s 228A; that the total remuneration package remains defensible as wholly and exclusively for the trade; whether FA 2004, ss 197-198 spreading applies given nil contributions in the prior period; and the company's profit level and associated-company count for the current period, since the 26.5% marginal rate assumption depends on both.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company is currently paying out profits to you as dividends, which gives the company no deduction at all. If the company instead paid money straight into a registered pension scheme for you, that payment would normally be a deductible business expense, reducing the company's corporation tax bill, and it would not be taxed on you as income when paid in.

Nothing can be done about the year that has already finished because relief only follows money actually paid in that year, but your accountant can set this up for the company's current accounting period and advise on how much can go in without triggering a charge on you.

LAW TEXT · RETRIEVED PASSAGE

"treated as not being payments of a capital nature... deductible in computing the amount of the profits for the period of account in which they are paid"

FINDING R4 · REVIEW MODE

• VERIFIED

High Income Child Benefit Charge, taper band and the possibility of reducing adjusted net income

Authority	Income Tax Act 2007, s 58 Statute
Claim	ITA 2007, s 58(1): adjusted net income is net income less, at Step 2, the grossed-up amount of Gift Aid qualifying donations made in the year and, at Step 3, the gross amount of pension contributions given relief at source under FA 2004, s 192.

Proof (facts to law)	Condition for the charge (ITEPA 2003, s 681B(1)): adjusted net income exceeds £60,000 and condition A or B is met. Here condition B is met on the facts given, the spouse is entitled to child benefit for two children (£25.60 + £16.95 a week) throughout the year, she is the client's partner, and the client's adjusted net income (£86,570) exceeds hers (£18,000 salary). Condition for the rate: for 2024/25 the charge is 1% of the award for each £200 of adjusted net income between £60,000 and £80,000, and 100% of the award where adjusted net income exceeds £80,000 (PAYE14015, which records the threshold and rate change taking effect from 6 April 2024). The client's stated adjusted net income of £86,570 is above £80,000, so the appropriate percentage produced by the 2024/25 rule is 100%, whereas the return as described carries 33% of the award. That is an exposure for the adviser to review inside the s 9ZA amendment window (open to 31 January 2027), not a recovery. Conditions for reducing adjusted net income (ITA 2007, s 58, Steps 2 and 3): a Gift Aid qualifying donation must be MADE in the tax year, and a relief-at-source pension contribution must be PAID in the tax year. The facts establish neither, no Gift Aid and no personal or employer pension contributions in 2024/25. Because both steps turn on a payment made within 2024/25, and Gift Aid carry-back to 2024/25 under ITA 2007, s 426 had to be elected on or before the 2024/25 return by 31 January 2026 (closed), no deduction at Step 2 or Step 3 can now be created for 2024/25. The relief is therefore prospective only, for 2026/27 onwards. Not established by the facts and required before any 2026/27 modelling: the client's relevant UK earnings for the year (relief-at-source contributions are limited by FA 2004, s 190 to relevant UK earnings, stated salary is £12,570, dividends are not earnings), the exact weeks of child benefit entitlement, and whether the couple were partners throughout the year.
Why it was left on the table	The 2024/25 percentage was computed on the pre-6 April 2024 £50,000, £60,000 taper logic rather than the £60,000, £80,000 band, and no in-year income-reducing payments were in place to bring adjusted net income below the upper limit.

Action	First, re-test the 2024/25 appropriate percentage: with adjusted net income of £86,570 (above £80,000) the 2024/25 rule gives 100%, against the 33% shown; if confirmed, correct it by amended return under TMA 1970, s 9ZA by 31 January 2027 rather than leaving it to a possible HMRC enquiry (s 9A, also open to 31 January 2027). Second, treat adjusted net income management as prospective: for 2026/27, by 5 April 2027, model (a) a relief-at-source personal pension contribution within relevant UK earnings, (b) Gift Aid donations, and (c) reducing the dividend drawn, each of which reduces net income or is deducted at Step 2/Step 3 of ITA 2007, s 58. Note employer pension contributions from Brightwater Systems Ltd do not appear in the client's net income at all and so also keep adjusted net income down, but they belong to the company's return, not the SA100.
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Estimated impact	Not quantified No 2024/25 refund: both ANI-reducing routes require payment inside 2024/25 and the Gift Aid carry-back election date (31 January 2026) has passed. Prospective only, on 2024/25-level income, a gross £6,570 of pension contributions or Gift Aid in 2026/27 would bring ANI to £80,000 and, on comparable figures, remove a full-award charge of about £2,212.60 plus higher-rate relief on the payment, subject to the 2026/27 award rates and the relevant-earnings limit.
Computation	Child benefit award in issue: $(£25.60 + £16.95) \times 52 = £2,212.60$. 2024/25 appropriate percentage on adjusted net income of £86,570: above £80,000, so 100% → charge £2,212.60, against 33% × £2,212.60 = £730.16 as returned, i.e. a potential additional 2024/25 liability of £1,482.44 (an exposure, not a refund). Amount recoverable for the client for 2024/25 through any open filing: no Step 2 or Step 3 deduction can be created after 5 April 2025, so £0.
Limitations found	For 2024/25 the taper runs only between £60,000 and £80,000 of adjusted net income; above £80,000 the percentage is 100% and no taper relief remains. Steps 2 and 3 of ITA 2007, s 58 deduct only gifts made and contributions paid in the tax year itself, so the 2024/25 figure is now fixed. Gift Aid carry-back to 2024/25 under s 426 closed on 31 January 2026. Tainted donations are excluded from Step 2 (s 58(4)).

Adviser must validate

The exact child benefit weeks and rates for 2024/25 and whether entitlement ran the full year; that the couple were partners throughout each relevant week (ITEPA 2003, s 681G); that the spouse's adjusted net income was lower than the client's; the arithmetic that produced 33% on the return and whether any ANI-reducing item not in the facts (for example a trade union or police organisation payment, or a relief-at-source contribution) exists; and, for 2026/27 modelling, the client's relevant UK earnings, since relief-at-source contributions are capped by earnings and dividends are not earnings.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

The child benefit clawback for 2024/25 takes back the whole award once your income passes £80,000, and your income for that year was £86,570, so your accountant should check the figure entered on the return before 31 January 2027. Nothing can now be paid into a pension or to charity to pull that 2024/25 figure down, because the law only counts payments actually made inside the year itself.

Looking forward, for the year ending 5 April 2027 your accountant can model a pension contribution or charitable giving that brings your income below the £80,000 line, which could remove the clawback as well as giving tax relief on the payment itself.

LAW TEXT · RETRIEVED PASSAGE

“deduct the grossed up amount of the gift... deduct the gross amount of the contribution”

FINDING R5 · REVIEW MODE

• VERIFIED

Share transfer to the spouse to use her basic-rate band on dividends

Authority	Income Tax (Trading and Other Income) Act 2005, s 626 Statute
Claim	ITTOIA 2005, s 626(1), (3): the settlor-charge in s 624(1) does not apply to an outright gift of income-producing property from one spouse to the other where the gift carries a right to the whole of the income (condition A) and the property is not wholly or substantially a right to income (condition B).

Proof (facts to law)	Conditions the authority requires: (i) an outright gift, i.e. not subject to conditions and with no circumstances in which the property or related property is payable to, or applicable for the benefit of, the giver (s 626(4)); (ii) of property from which income arises; (iii) made by one spouse to the other; (iv) condition A, the gift carries a right to the whole of the income; (v) condition B, the property is not wholly or substantially a right to income. The client's facts: he is the 100% shareholder of Brightwater Systems Ltd, a Manchester software consultancy that paid him £60,000 of dividends in 2024/25, so he holds income-producing property capable of gift; he is married and his spouse (part-time earnings £18,000) holds no shares, so a gift would be spouse-to-spouse. TSEM4205 Example 6 and TSEM4355 Examples 21 and 23 confirm that an outright gift of ORDINARY shares in a personal service/consultancy company, even where the company's income derives entirely from the transferor's own work, is not a gift of property wholly or substantially a right to income, because ordinary shares carry capital rights; that is the ratio HMRC draws from <i>Jones v Garnett</i>. NOT established by the facts: (a) the class and rights of the existing shares, whether they are ordinary shares carrying full voting, capital and winding-up rights rather than a restricted or newly created income-only class (the <i>Young v Pearce</i> fact pattern in TSEM4205 Example 5, which fails condition B); (b) that any transfer would be outright, unconditional, with no buy-back, option, side agreement or understanding that the shares or dividends return to the client (s 626(4)); (c) the Articles and any shareholders' agreement permitting the transfer; (d) that dividends would be declared only after the beneficial transfer is complete and recorded in the register of members. Subject to those confirmations, the chain is complete: a future outright gift of existing ordinary shares to the spouse falls within the s 626 exception, so dividends on the gifted shares are her income and not the client's.
Why it was left on the table	No share transfer had taken place, so for 2024/25 the return correctly reported the whole dividend on the sole shareholder; the planning point is prospective rather than a return position.

Action	Treat this as a prospective 2026/27 planning step, not a 2024/25 recovery item: the 2024/25 dividends were paid to the client as sole shareholder and no amendment under TMA 1970, s 9ZA (open to 31 January 2027) or overpayment relief claim under TMA 1970, Sch 1AB can retrospectively redirect income already arising to him. For 2026/27 (actions to be completed by 5 April 2027), the adviser should: verify the class and full rights of the existing shares from the Articles and register of members; effect an outright gift by stock transfer form with no conditions, buy-back, option or side arrangement (s 626(4)); update the register of members and file the confirmation statement; and only then declare dividends by properly minuted board/shareholder resolution with dividend vouchers to each shareholder. Confirm no gain/no loss treatment on the inter-spouse transfer and that stamp duty does not arise on a gift for no consideration. Document the commercial rationale contemporaneously.
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Estimated impact	Not quantified Prospective only. Indicative annual dividend-tax saving of £7,543.75 on a 50% share gift at 2024/25 rates, plus a separate reduction in the High Income Child Benefit Charge because the client's adjusted net income falls from £86,570 to about £56,570, below the £60,000 entry threshold. Nothing is recoverable for 2024/25, hence £0.
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Computation	Illustration on 2024/25 rates and thresholds (personal allowance £12,570; basic-rate limit £37,700; dividend allowance £500; dividend rates 8.75%/33.75%), assuming a 50% share gift and the same £60,000 total dividend. Present position: non-dividend income £12,570 salary + £4,800 interest + £9,200 rental = £26,570, less personal allowance £12,570 = £14,000 taxable; basic-rate band left for dividends £23,700; dividend allowance £500 at 0%; $£23,200 \times 8.75\% = £2,030$; $£36,300 \times 33.75\% = £12,251.25$; total dividend tax £14,281.25. After a 50% gift: client £30,000 dividends, £500 at 0%, $£23,200 \times 8.75\% = £2,030$, $£6,300 \times 33.75\% = £2,126.25 = £4,156.25$; spouse £30,000 dividends on £18,000 salary (taxable non-dividend £5,430, basic band left £32,270), £500 at 0%, $£29,500 \times 8.75\% = £2,581.25$. Combined £6,737.50. Annual dividend-tax difference $£14,281.25 - £6,737.50 = £7,543.75$ (before any separate reduction in the High Income Child Benefit Charge). Recoverable for 2024/25 through any filing open today: £0.
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Limitations found	Section 626 is an exception only; it fails entirely if either condition A (right to the whole of the income) or condition B (not wholly or substantially a right to income) is unmet, in which case s 624(1) taxes the dividends on the client alone. It gives no relief for any period before the gift takes effect, so it cannot assist the 2024/25 return. The s 626 exception also cannot be achieved by a dividend waiver or by an income-only share class.
Adviser must validate	That the existing shares are ordinary shares carrying full voting, dividend and winding-up/capital rights (the Articles and register of members must be inspected); that the proposed gift is outright and unconditional, with no option, buy-back, loan-back, trust or understanding under which the shares or their income can return to the client (s 626(4)); that the spouse and client are living together at the date of gift; that the Articles and any shareholders' agreement permit the transfer and do not require pre-emption offers; that distributable reserves support any dividend declared; the no gain/no loss position on the inter-spouse transfer and the absence of stamp duty on a gift for nil consideration; and the knock-on effect on the High Income Child Benefit Charge once each spouse's adjusted net income is recomputed.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

You currently own every share in Brightwater Systems Ltd, so all £60,000 of the company's dividends are taxed on you, much of it at the higher dividend rate, while your spouse's lower tax band sits unused. If you make an outright, unconditional gift of some of your ordinary shares to her, the dividends on those shares become her income and are taxed at her much lower rate, and bringing your own income down can also reduce or remove the child benefit charge you are paying.

This is a change for the current year onwards and cannot be backdated to 2024/25; your accountant can review the company's articles and share rights and set out the steps and the board paperwork needed to do it properly.

LAW TEXT · RETRIEVED PASSAGE

"The rule in section 624(1) does not apply in respect of an outright gift, (a) of property from which income arises"

2 positions that apply to this client but are not recovery items: the adviser must settle them

Live questions on these facts that other items in this file depend on. The engine could not turn them into a recovery on the record retrieved; each carries what must be established.

- ISA wrapper for the £35,000 joint savings, £4,800 of taxable bank interest: Confirm the 2024/25 treatment stands: £500 savings allowance under ITA 2007, s 12B(3) with £4,300 at the savings higher rate, no amendment under TMA 1970, s 9ZA and no Sch 1AB claim is available, because an ISA subscription...
- Property finance cost tax reduction and unclaimed property reliefs on the Stockport let: Confirm no further relief is available under this head: the £460 finance cost reduction is already in the return, s 837 cannot apply to a solely owned property, and s 311A is unproven on the facts.

2 items already right on the return as filed

Candidates the engine checked and found already claimed or already correct. Listed so the file shows they were examined; nothing to recover here.

- Personal pension contribution not made, 2024/25 and prospective 2026/27: Treat this as prospective only.
- Directors' loan account £8,500 overdrawn, s 455 charge and beneficial loan benefit: No change to the 2024/25 SA100 is required on this item.

1 candidate considered and set aside: not applicable to this client

Candidates the engine walked and set aside because a required condition is not met on these facts. Each carries the reason; the adviser can reopen any of them if the facts differ.

- Marriage Allowance, ineligible for 2024/25 as filed, but opened up by a pension contribution: s 55B(2)(b) excludes any individual liable at a rate other than the listed basic/ordinary/nil rates; s 55B(2)(ba) separately blocks an individual who, ignoring the dividend nil rate, would be liable at the dividend upper or...

Engineering Mode: Proactive Structures

11 viable structures · Estimated combined impact £124,600

How to read the move labels

- **VERIFIED** Machine-checked against the cited statute, regulation, court decision or officially published HMRC guidance: the text supports the step.
- **PROCEDURAL · CONFIRMED** Administrative execution step (a filing, election or plan adoption); form instructions or procedure are its proper authority.
- **ADVISER TO CONFIRM** The analysis stands, but the best citation retrieved is secondary, non-precedential, or could not be machine-confirmed. Validate before relying on it.
- **CITATION REJECTED** Also “Authority not found”. The step is shown so the sequence stays complete; the adviser must source the governing authority before executing it.

STRUCTURE E1 · ENGINEERING MODE

EST. COMBINED IMPACT

Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee, and the clock that must start now

£60,000

Provisions TCGA 1992, s 169H, TCGA 1992, s 169I, TCGA 1992, s 169S, TCGA 1992, s 169I(7A), ITEPA 2003, Sch 5, TCGA 1992, ss 135-138, ITTOIA 2005, s 396B

Estimated impact	£60,000 One-time tax saved on a future exit, not an annual figure. Value = the business asset disposal relief rate differential applied to the gain that qualifies in the spouse's hands up to her own £1,000,000 lifetime limit: at the 18% business asset disposal relief rate for disposals from 6 April 2026 against the 24% main rate, a full £1,000,000 of qualifying gain in her name saves £60,000. The figure scales with the size of the holding actually issued, a bare 5% stake on a modest sale produces only a few thousand pounds, so the stake under Move 1 should be sized to the gain intended to sit with her. The EMI dollars are carried at 0 here and not duplicated: the employee's relief accrues to the employee, and the company's corporation tax deduction on exercise (CTA 2009 Pt 12) is a separate item. The rate figures are not in the retrieved authorities and the adviser must confirm the rates in force at the disposal date.
Timeline	Set-up in 2026/27: share issue and spousal appointment within the next 4-8 weeks; EMI advance assurance and valuation over the following 2-3 months; option grant with notification to HMRC within 92 days of grant. Qualification matures two years from the later of the share issue and the option grant, a disposal from late 2028 onward.
Feasibility	medium
Disclosure	Employment-related securities: EMI notification to HMRC within 92 days of grant and the annual ERS return by 6 July following each tax year, Registration of the spouse's share acquisition on the ERS annual return if it is employment-related (ITEPA 2003 Pt 7), Clearance under TCGA 1992 s 138 for any share-for-share exchange or reconstruction, Clearance under ITA 2007 s 701 (transactions in securities) on any holding-company insertion or own-share purchase, White-space disclosure on the SA108 at exit where the phoenix TAAR in ITTOIA 2005 s 396B is in point, Form VAL231 valuation agreement with HMRC Shares and Assets Valuation before grant

Adviser must validate

That the spouse's new shares are ordinary share capital carrying genuine votes and economic rights satisfying TCGA 1992 s 169S(3) (and whether the 5% profits/assets test or the s 169S(3)(c)(ii) proceeds test is being relied on); whether her acquisition is employment-related securities and what unrestricted market value and s 431 election are needed; that her directorship or employment is real, minuted and continuous; that Brightwater Systems Ltd meets every EMI qualifying-company test in ITEPA 2003 Sch 5 Pt 3 at grant and that the employee is an eligible employee under Pt 4; that the 92-day EMI notification is made; that the company remains a trading company (reviewing retained cash and the directors' loan of £8,500) throughout both two-year periods; the business asset disposal relief rate and main capital gains rate actually in force at the disposal date, which the retrieved authorities do not state; and whether any post-exit consultancy by the client or spouse would engage ITTOIA 2005 s 396B.

The facts do not state the spouse's date of birth, the intended exit route, the intended sale value or any shareholders' agreement, so each is left open and must be confirmed.

Implementation moves

MOVE 1

• VERIFIED

Issue the spouse a holding of full-rights ordinary shares in Brightwater Systems Ltd (at least 5% of ordinary share capital, carrying at least 5% of the votes and at least 5% of distributable profits and of assets on a winding up, size the holding to the slice of the eventual exit gain intended to sit in her name, not merely the 5% floor), by fresh subscription at unrestricted market value or by gift between spouses; amend the articles so the new shares are not a restricted or limited-rights class.

Timing	Execute in 2026/27, as early in the year as practicable; the two-year ownership clock cannot start before the shares exist. Shares issued by, say, December 2026 support a qualifying disposal from December 2028.
Authority	Taxation of Chargeable Gains Act 1992, s 169S

MOVE 2

• ADVISER TO CONFIRM

Appoint the spouse as a director (or to a genuine, documented employment) of Brightwater Systems Ltd with real duties, a board minute, a service agreement and payroll records, effective on or before the date the shares are issued, and keep that status unbroken until the exit.

Timing Same date as, or immediately before, Move 1, the officer/employee condition and the shareholding condition must both run for the same continuous two years.

Authority HMRC Capital Gains Manual CG63975

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 4

• PROCEDURAL · CONFIRMED

Adopt an EMI plan satisfying Sch 5 Pt 5 (terms of option, share class, exercise within ten years), agree the unrestricted and actual market value of the option shares with HMRC Shares and Assets Valuation on form VAL231 before grant, grant options over up to the statutory individual limit to the £28,000 employee, and notify the grant to HMRC through the ERS online service within 92 days.

Timing Grant in 2026/27 immediately after advance assurance and valuation agreement; notification deadline runs 92 days from the grant date and is absolute. Annual ERS return for the scheme is due by 6 July following the end of each tax year in which the plan subsists.

Authority Income Tax (Earnings and Pensions) Act 2003, Sch 5 para 1

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• VERIFIED

Diarise the EMI two-year maturity and structure the exit so that any sale of the employee's EMI shares occurs at least two years after the grant date, with the company remaining a trading company and the employee remaining an officer or employee throughout that period.

Timing Earliest qualifying disposal date is the second anniversary of grant, a grant in late 2026 supports a disposal from late 2028. Do not sign a share purchase agreement before that date.

Authority Taxation of Chargeable Gains Act 1992, s 169I

MOVE 6

• PROCEDURAL · CONFIRMED

Only if a trade sale or an employee-ownership route is contemplated: before any purchaser is identified, insert a new holding company by share-for-share exchange under TCGA 1992 ss 135-136 and apply to HMRC in writing for advance clearance that the exchange is effected for bona fide commercial reasons and without arrangements within s 137.

Timing After Moves 1-2 are bedded in and before any buyer approach; HMRC must respond within 30 days of the application or of compliance with any request for further particulars. Build the reorganisation review of the EMI plan (Sch 5 Pt 6 rollover of options) into the same step.

Authority Taxation of Chargeable Gains Act 1992, s 138

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• VERIFIED

If the exit route is a solvent liquidation rather than a trade sale, test the distribution against the phoenix targeted anti-avoidance rule before the winding-up resolution: confirm neither the client nor the spouse will, within two years of the distribution, carry on or be involved in a same-or-similar trade, whether personally, in partnership, or through a company in which either has a 5% interest.

Timing Assessed at the date of the winding-up distribution and tested over the two years following it; the planning constraint therefore extends two years past the exit.

Authority Income Tax (Trading and Other Income) Act 2005, s 396B

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (1 citation rejected, 0 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 3 · Confirm Brightwater Systems Ltd is an EMI qualifying company, independence, no disqualifying subsidiaries, gross assets under the ceiling, employee-number limit, qualifying trading activities, UK permanent establishment, and...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your accountant could put your spouse onto the share register with a real holding of full-rights shares and into a genuine paid role in the company, and could set up a tax-advantaged share option scheme for your key employee, with the share value agreed with HMRC before the options are granted.

Both of these need two full years to mature, so starting this tax year means a sale from late 2028 onward could qualify, giving your household a second lifetime allowance of the lower capital gains rate on a sale and giving your employee a reason to stay through to the exit. If a sale or an employee-ownership route is on the horizon, your accountant could also seek HMRC's advance clearance for any group restructuring before a buyer is in the picture.

STRUCTURE E2 · ENGINEERING MODE

EST. COMBINED IMPACT

Company-funded pension contribution in substitution for dividends (with three years' carry-forward), the HICBC and 33.75% dividend band killer

£18,805

Provisions FA 2004, s 188, FA 2004, s 196, FA 2004, s 228A, CTA 2009, s 1290, ITEPA 2003, s 308, ITTOIA 2005, s 681B, ITEPA 2003, s 681C

Estimated impact	£18,805 Annual, for 2026/27 and each later year the arrangement is repeated, on a £30,000 employer contribution substituted for £30,000 of dividend. Three components: (a) dividend upper-rate tax avoided, £30,000 x 33.75% = £10,125, tax saved; (b) corporation tax relief on the contribution at the 26.5% marginal rate on profits between £50,000 and £250,000, £30,000 x 26.5% = £7,950, tax saved at company level (and a genuine extra deduction, since a dividend is not deductible); (c) high income child benefit charge extinguished as adjusted net income falls from £86,570 to about £56,570, taken at the £730 figure in the facts, tax saved. Total £18,805. UPSIDE NOT CARRIED IN THE FIGURE: on the retrieved s 681C formula an adjusted net income of £86,570 produces a 100% appropriate percentage, which would make component (c) £2,212.60 rather than £730 and the total £20,288; the conservative figure is carried pending Move 10. OFFSET TO STATE: the £30,000 in the pension is tax-deferred, not tax-free, for the individual, 25% is expected to come out as a tax-free lump sum and the balance is taxable at the marginal rate on drawdown, so part of components (a) and (c) is permanent and the deferred element should be presented as such. No double-count with any other structure in the file; the employer-NIC position is unaffected because an employer pension contribution carries no NIC.
Timeline	Three to four months to set up, then annual. Scheme membership check and SIPP opening by December 2026; board minute and revised remuneration terms before the payment; contribution paid by mid-March 2027 (statutory backstop 31 March 2027 for the company period, 5 April 2027 for the 2026/27 pension input); dividend declarations throughout 2026/27 to 5 April 2027; deduction claimed on the CT600 for the period to 31 March 2027, due 31 March 2028. Separate 2024/25 HICBC re-test by 31 January 2027.
Feasibility	high

Disclosure

No DOTAS notification expected: a straightforward employer contribution to a registered pension scheme in substitution for dividend is not a notifiable arrangement under FA 2004 Part 7, but the adviser should confirm against the current hallmarks before implementation, White-space disclosure on the CT600 for the period to 31 March 2027 if the total remuneration package is at the outer edge of what BIM46035 would regard as wholly and exclusively for the trade, No P11D entry for the employer contribution, subject to confirming the ITEPA 2003 s 308 exemption (not in the retrieved set), 2024/25 SA100: if the HICBC percentage requires correction, an amendment under TMA 1970 s 9ZA by 31 January 2027, with a white-space note

Adviser must validate

(1) Whether the director was a member of any registered pension scheme in 2023/24, 2024/25 or 2025/26, carry-forward is unavailable for any year without membership (FA 2004 s 228A(4)(a)); the £30,000 does not need it, any larger figure does. (2) That the money purchase annual allowance has never been triggered and threshold income is under £200,000 so no taper applies (FA 2004 s 228ZA, not in the retrieved set).

(3) That a total package of £12,570 salary plus £30,000 pension is justifiable for the work done, on BIM46035's overall-package test, and that the contribution is referable to services and not to the shareholding. (4) The corporation tax marginal rate on the actual augmented profits of the period to 31 March 2027 (the 26.5% figure is based on the stated £118,000 and no associated companies).

(5) The 2024/25 HICBC appropriate percentage, the retrieved s 681C formula does not produce 33% at an adjusted net income of £86,570; reconcile before 31 January 2027. (6) Distributable reserves and the director's cash requirement after a £30,000 dividend reduction, including the £8,500 overdrawn loan account and CTA 2010 s 455. (7) FA 2004 ss 197-198 spreading thresholds against a prior-year contribution of nil.

(8) FA 2004 s 190 earnings cap on any personal contribution, and the separate question of whether the company's employment allowance is available given the one other employee.

Implementation moves

MOVE 1

• VERIFIED

Establish whether the director was a member of any registered pension scheme at any time in 2023/24, 2024/25 or 2025/26 (including a dormant scheme from earlier employment or a deferred auto-enrolment pot) and obtain the scheme's confirmation in writing. The facts show no contributions and no pension income, so membership in those years must be proved, not assumed.

Timing	First step, before any contribution is sized. Complete before the 2026/27 contribution is paid (by 5 April 2027 for the individual's pension input, and before 31 March 2027 for the company's period).
Authority	Finance Act 2004, s 228A

MOVE 2

• PROCEDURAL · CONFIRMED

Open a registered pension scheme (a SIPP or a master trust) in the director's own name, with Brightwater Systems Ltd recorded with the provider as a contributing employer and a direct debit or payment reference set up in the company's name.

Timing	Immediately after Move 1 and at least six to eight weeks before the intended payment date, to allow provider onboarding. Must be a registered scheme on the date the money is paid.
Authority	Finance Act 2004, s 196

Administrative execution step; governed by the cited procedure or instructions.

MOVE 3

• ADVISER TO CONFIRM

Pass and minute a board resolution amending the director's remuneration terms to add an employer pension contribution of £30,000 a year as a contractual element of the package, with a short written commercial rationale on file (£310,000 turnover generated by the director, comparative market cost of replacing him, total package of £12,570 salary plus £30,000 pension = £42,570 against the £28,000 paid to the one other employee).

Timing	Before the contribution is paid, and before the dividend reduction in Move 5. Date the minute in the accounting period to 31 March 2027.
Authority	HMRC Business Income Manual BIM46035

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 4

• PROCEDURAL · CONFIRMED

Pay £30,000 from the company's bank account to the SIPP as an employer contribution, cleared funds, no later than 31 March 2027 (and in practice by mid-March 2027 to allow for clearing). Do not accrue it in the accounts and pay it later.

Timing Must be PAID within the accounting period to 31 March 2027 for the company's deduction, and within 2026/27 (by 5 April 2027) for the individual's pension input. Both are satisfied by payment before 31 March 2027. Depends on Moves 2 and 3.

Authority Finance Act 2004, s 196

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• VERIFIED

Reduce the 2026/27 dividend stream by £30,000 pound-for-pound against the contribution: declare and pay dividends of approximately £30,000 rather than £60,000, with dated board minutes and dividend vouchers for each declaration, so that adjusted net income for 2026/27 falls to roughly £56,570.

Timing Same tax year as the contribution. All dividend declarations must be dated and paid on or before 5 April 2027; the reduction must be planned across the whole year, not left to a March catch-up when the earlier dividends have already been paid.

Authority Income Tax (Earnings and Pensions) Act 2003, s 681C

MOVE 7

• VERIFIED

Do not route the contribution through the director personally. Any personal relief-at-source contribution is capped by his relevant UK earnings of £12,570; the structure depends on the payment being made by the company as employer.

Timing A standing design constraint; must be settled before Move 4 is executed.

Authority Finance Act 2004, s 196

MOVE 8

• PROCEDURAL · CONFIRMED

Claim the £30,000 as a deduction in the company's tax computation for the accounting period ending 31 March 2027 (CT600 due 31 March 2028, corporation tax due 1 January 2028), with the pension payment evidenced to the bank statement date, and confirm no P11D reporting arises for the director.

Timing On preparation of the accounts and CT600 for the period to 31 March 2027. Note this is the COMPANY's calendar; the period to 31 March 2025 CT600 (due 31 March 2026) is closed and nothing can be added to it.

Authority Finance Act 2004, s 196

Administrative execution step; governed by the cited procedure or instructions.

MOVE 9

• VERIFIED

Set the arrangement up as a recurring annual package element (board minute renewed each year, payment scheduled for February each year) and keep a running schedule of annual allowance used and carried forward, so that once scheme membership exists the three-year carry-forward becomes available for a larger catch-up contribution in a future year.

Timing From 2026/27 onwards; membership established in 2026/27 means 2026/27 itself becomes a carry-forward year for 2027/28, 2028/29 and 2029/30.

Authority Finance Act 2004, s 228A

MOVE 10

• PROCEDURAL · CONFIRMED

Separately re-test the 2024/25 HICBC percentage actually returned. On the retrieved statutory formula an adjusted net income of £86,570 gives an appropriate percentage of 100%, not 33%; the taxpayer amendment window for the 2024/25 SA100 is open until 31 January 2027 under TMA 1970 s 9ZA, and the HMRC enquiry window is open to the same date.

Timing Before 31 January 2027. After that date the position can only be revisited by HMRC discovery (TMA 1970 s 29) or, for a claim in the taxpayer's favour, by overpayment relief to 5 April 2029.

Authority Income Tax (Earnings and Pensions) Act 2003, s 681C

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (1 citation rejected, 0 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 6 · Confirm that the client remains the partner with the higher adjusted net income (spouse's salary £18,000) so that liability for the charge, if any, continues to sit with him, and that neither partner's adjusted net income...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your accountant could set up a personal pension in your name and have Brightwater Systems Ltd pay £30,000 a year into it directly, with your dividends cut by the same £30,000. Because the company gets a deduction for the payment and you are not taxed on the dividend you no longer take, the combination is worth in the region of £18,800 a year in tax across you and the company, and because your income for the year falls below £60,000 the child benefit clawback should fall away entirely.

The payment has to leave the company's bank account before 31 March 2027 to land in the right company year, and the dividend reduction has to be planned across the whole year rather than fixed at the end, so this needs to be set in motion well before next March.

STRUCTURE E3 · ENGINEERING MODE

EST. COMBINED IMPACT

Enterprise Investment Scheme: 30% income tax relief, CGT deferral and exemption, with the carry-back

£15,000

Provisions ITA 2007, s 157, ITA 2007, s 158, ITA 2007, s 202, TCGA 1992, Sch 5B, TCGA 1992, s 150A

Estimated impact	£15,000 One-time tax saved, not annual: a £50,000 subscription for shares issued on or before 5 April 2027 gives a 30% tax reducer of £15,000 under ITA 2007, s 158(2A). Capped by the computed 2026/27 income tax liability of approximately £16,521 (salary £12,570, rental £9,200, interest £4,800, dividends £60,000, less the £460 basic-rate finance cost credit), so the reducer is fully usable; the headroom supports up to roughly £55,000 subscribed. The CGT deferral component under TCGA 1992, Sch 5B is valued at nil because no chargeable gain is shown on the return. The s 150A disposal exemption is valued at nil here because no future gain is an established fact. No HICBC saving is included: a tax reducer does not reduce adjusted net income, so the charge on 33% of the Child Benefit is unaffected.
Timeline	Three to six months to execute, with the critical date 5 April 2027 for share issue; EIS3 typically four to twelve months later; claim filed with the 2026/27 return by 31 January 2028; three-year hold to at least 2029/30.
Feasibility	high
Disclosure	EIS advance assurance application to HMRC Venture Capital Reliefs Team (EIS1/EIS2) by the issuing company before subscription, EIS3 / EIS5 certificate must be held before the claim is made (ITA 2007, s 202(1)(a)), white-space disclosure on the 2026/27 SA100 where any carry-back amount or connection question is finely balanced, no DOTAS notification expected for a straightforward EIS subscription; the adviser should confirm the promoter has not issued a scheme reference number

Adviser must validate (1) The client's actual 2025/26 and 2026/27 income and tax liability, since only the 2024/25 figures are established facts; (2) that the client is a qualifying investor under ITA 2007, Part 5, Chapter 2 and is not connected with the target by employment, directorship or a more than 30% interest, bearing in mind the Brightwater Systems Ltd directorship and 100% shareholding; (3) the risk-to-capital condition in s 157A and the issuing company's qualifying status under Chapter 4, which advance assurance indicates but does not guarantee; (4) the operative wording of s 158(4) and s 158(4A) on the carry-back election and the annual limit, which was not within the retrieved authority set; (5) that no chargeable gain exists or is anticipated within the Schedule 5B window before describing any deferral benefit; (6) that the HICBC position is addressed, if at all, by a personal pension contribution or Gift Aid rather than by the EIS reducer; (7) whether a s 59A(3) claim to reduce payments on account is appropriate once the carry-back figure is settled.

Implementation moves

MOVE 1

• VERIFIED

Quantify the 2026/27 and 2025/26 income tax liability headroom before any money is committed. On the 2024/25 figures repeated into 2026/27 (salary £12,570, rental £9,200, interest £4,800, dividends £60,000) the income tax liability is approximately £16,521 after the £460 basic-rate finance cost credit. EIS relief is a tax reduction given at Step 6 and cannot exceed the liability, so cap the intended subscription at roughly £55,000 (30% x £55,000 = £16,500). Record in the file that the High Income Child Benefit Charge is NOT reduced by an EIS tax reducer because the reducer does not reduce adjusted net income; the HICBC lever is a personal pension contribution or Gift Aid, not EIS.

Timing Before 5 April 2027; first step in the sequence, and before any subscription cheque is written.
Authority Income Tax Act 2007, s 158

MOVE 2

• ADVISER TO CONFIRM

Record that no deferral relief component is available on the facts: the 2024/25 return carries no SA108 and no disposals, so there is no chargeable gain within the Schedule 5B re-investment window to defer. Value the structure on the 30% income tax reducer and the future s 150A disposal exemption only. Re-open the deferral analysis only if a chargeable gain (for example a sale of Brightwater Systems Ltd or the Stockport let) actually arises.

Timing Concurrent with Move 1; must precede any marketing of the structure as a CGT play.

Authority HMRC Capital Gains Manual CG62800

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 3

• VERIFIED

Select the target: either a single unquoted trading company holding HMRC advance assurance (EIS1/EIS2 route) or an approved EIS fund, and obtain written confirmation from the issuer that the risk-to-capital condition in s 157A is met, that the shares will be issued before 6 April 2035, and that the issuing company is a qualifying company. Confirm the client will be a qualifying investor (no connection with the company by employment, directorship or more than 30% interest) and that the client's directorship and 100% shareholding in Brightwater Systems Ltd does not create a connection with the target.

Timing Must be completed before subscription; allow 4-8 weeks for advance assurance if the issuer does not already hold it.

Authority Income Tax Act 2007, s 157

MOVE 4

• VERIFIED

Subscribe cash in the client's own name (not jointly with the spouse, who holds no shares in Brightwater Systems Ltd and whose £18,000 salary would not absorb 30% relief on a meaningful subscription) for a new issue of full-risk ordinary shares, payment in full and in cash at issue, in an amount not exceeding the headroom set at Move 1. Shares must be issued on or before 5 April 2027 for the subscription to fall in 2026/27.

Timing Share issue date, not the payment date, must fall on or before 5 April 2027. Allow at least three weeks before 5 April 2027 for allotment and the register entry.

Authority Income Tax Act 2007, s 158

MOVE 5

• VERIFIED

Elect, as part of the EIS claim, to treat all or part of the 2026/27 subscription as made in 2025/26 (ITA 2007, s 158(4)) to the extent 2025/26 carries unrelieved income tax, and only to that extent. State plainly in the file that carry-back reaches the immediately preceding year only: a 2026/27 subscription CANNOT be carried back to 2024/25, and there is no 2024/25 EIS subscription on the return to claim against, so the 2024/25 five-year EIS claim window (open to 31 January 2031) has nothing to carry.

Timing The election rides on the EIS claim made after Move 6; practically, made in the 2026/27 SA100 or by amendment to the 2025/26 return (s 9ZA window for 2025/26 runs to 31 January 2028).

Authority Income Tax Act 2007, s 202

MOVE 6

• PROCEDURAL · CONFIRMED

Obtain form EIS3 (or EIS5 for an approved fund) from the issuing company once the company has carried on the qualifying trade for four months, and do not submit any claim before that certificate is in hand.

Timing Typically four to twelve months after the share issue; the claim cannot be made earlier than the four-month trading point.

Authority Income Tax Act 2007, s 202

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• PROCEDURAL · CONFIRMED

Claim the relief on the Additional Information pages (SA101) of the 2026/27 SA100, entering the subscription, the EIS3 certificate details and any amount carried back to 2025/26; file by 31 January 2028. If EIS3 arrives late, make the claim by amendment under TMA 1970, s 9ZA or as a stand-alone claim at any point up to the statutory outer limit.

Timing Preferred: with the 2026/27 SA100 by 31 January 2028. Outer limit: the fifth anniversary of the 2026/27 normal filing date, 31 January 2033.

Authority Income Tax Act 2007, s 202

Administrative execution step; governed by the cited procedure or instructions.

MOVE 8

• VERIFIED

Diarise a three-year hold from the share issue date (or from commencement of the trade if later) and record the withdrawal triggers: disposal within three years, receipt of value from the company, the client becoming connected with the company, or the company ceasing to qualify. Review the register annually and before any secondary sale is accepted.

Timing Runs from the Move 4 issue date; review each January alongside the SA100 cycle.

Authority Taxation of Chargeable Gains Act 1992, s 150A

MOVE 9

• VERIFIED

On eventual disposal after the three-year period, treat any gain on the EIS shares as exempt and exclude it from the SA108, provided EIS relief was given and not withdrawn. If the investment instead falls in value to a loss, consider share loss relief against income under ITA 2007, Part 4, Chapter 6 on the net cost after the 30% reducer.

Timing At disposal, three or more years after the Move 4 issue date; the earliest exempt disposal date is therefore on or after the 2029/30 tax year.

Authority Finance Act 2012, Sch 7 para 30

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your accountant could arrange for you to put money into one or more qualifying unquoted trading companies, or an approved fund of them, before 5 April 2027. On a £50,000 investment this would normally cut your income tax bill for the year by £15,000, with part of that able to be pushed back into the previous year if that year suits you better, and any growth on the shares is normally free of capital gains tax once you have held them for at least three years.

These are genuinely high-risk investments where the money can be lost entirely, the tax relief can be clawed back if the shares are sold too soon, and it will not reduce the child benefit charge you are paying, so it only makes sense if you are comfortable with the underlying risk.

STRUCTURE E4 · ENGINEERING MODE

EST. COMBINED IMPACT

Electric company car through the company (and salary sacrifice)

£11,925

ProvisionsITEPA 2003, ss 121, 139, 140, CAA 2001, ss 45D, 45EA, SSCBA 1992, s 10

Estimated impact£11,925

ONE-TIME corporation tax saved in the period to 31 March 2027, on an ASSUMED list price of £45,000 for a zero-emission car (the facts do not state any vehicle): £45,000 × 100% first-year allowance × 26.5% marginal corporation tax rate on augmented profits of £118,000 = £11,925. Partly a DEFERRAL rather than an absolute saving, because a 100% FYA leaves nothing in the pool and the disposal proceeds give rise to a balancing charge on sale.

The charging point in Move 4 would add roughly £400 of corporation tax saved on an assumed £1,500 spend (not included in the headline figure).

Set against this is an ongoing annual cost of roughly £1,000 to £1,100: a cash equivalent of about £1,800 (£45,000 at a 4% appropriate percentage, which the adviser must verify against the ITEPA 2003 s 139 table) taxed at 20% as non-savings earnings plus the 25-point uplift on the equal slice of dividend income displaced into the higher dividend rate, plus Class 1A at the rate in force net of its corporation tax deduction.

The comparator that makes the structure worthwhile is the £22,900 or so of dividend tax the director would otherwise bear to extract £45,000 net to buy the same car privately, that comparator figure is carried here as context only and not added to the headline.

TimelineFive and a half months: the car and the charging point must be ordered and the expenditure incurred by 31 March 2027, so supplier lead times mean the order should be placed by December 2026. Reporting then runs to 6 July 2027 (P11D and P11D(b)) and the capital allowances claim is made on the CT600 for the period to 31 March 2027, due 31 March 2028.

Feasibilityhigh

Disclosure

No DOTAS notification expected, the provision of a company car and a s 45D first-year allowance claim are ordinary statutory reliefs, not notifiable arrangements, Form P46(Car) or payrolling registration with HMRC before the start of the tax year, and form P11D / P11D(b) by 6 July following the tax year, Capital allowances claim disclosed in the CT600 computation for the period to 31 March 2027, with the single-asset first-year allowance shown separately from the main pool, Revised adjusted net income on the SA100 for the year the car is first available, affecting the High Income Child Benefit Charge, No clearance application is required or available for this structure

Adviser must validate

(1) The appropriate percentage for a 0g/km car for 2026/27 and later years from the table in ITEPA 2003 s 139 as amended, the retrieved set does not contain it, and no figure should be quoted to the client until it is read from the Act; (2) that the chosen vehicle is electrically-propelled within CAA 2001 s 268B (not a hybrid) and is unused and not second-hand per CA23153, evidenced by the V5C and dealer invoice; (3) that none of the general exclusions in CAA 2001 s 46 applies, in particular that the acquisition is not from a connected person and is not a sale-and-leaseback; (4) the exact date the expenditure is incurred for CAA 2001 s 5 purposes, against the 31 March 2027 long-stop; (5) the current Class 1A rate and the company's funding of it; (6) the balancing charge consequence on eventual disposal, and whether the client intends to keep the car long enough for the deferral to be worth taking; (7) the current text of ITEPA 2003 s 114 after the amendment following Apollo Fuels, and ITEPA 2003 s 120A, before any lease-to-employee or salary sacrifice variant is considered; (8) whether the company has business premises or whether a home-installed charging point meets the 'solely for charging electric vehicles' test in CAA 2001 s 45EA(2); (9) whether the director's £12,570 salary and working hours permit any sacrifice at all under the National Minimum Wage rules; (10) the company's VAT position on purchase (input tax on a car with any private use is normally blocked) and on the charging point, which the retrieved authorities do not address.

Implementation moves

MOVE 1

• VERIFIED

Minute a board resolution of Brightwater Systems Ltd to acquire, in the company's own name, a new and unused zero-emission (battery electric) car for the director, with the contract signed and delivery/unconditional obligation to pay arising on or before 31 March 2027 (the company's period end and the statutory long-stop for the 100% first-year allowance). Do not acquire a hybrid, a demonstrator that has been registered to a dealer as a used vehicle, or a second-hand EV.

Timing Must be executed in the accounting period to 31 March 2027, expenditure must be 'incurred' (CAA 2001 s 5) by 31 March 2027. Today is 14 October 2026, so roughly five and a half months remain; order lead times make this the binding constraint.

Authority Capital Allowances Act 2001, s 45D

MOVE 2

• ADVISER TO CONFIRM

Obtain and file with the fixed asset record the V5C/certificate of conformity evidencing that the vehicle is propelled solely by electrical power from an external source or an unconnected storage battery, and that the applicable CO2 emissions figure on first registration is 0g/km. Reject any plug-in hybrid from the shortlist at this stage.

Timing Before the purchase order is placed (i.e. before Move 1 completes), and in any event before the CT600 claim.

Authority HMRC Capital Allowances Manual CA23153

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 3

• VERIFIED

Claim a 100% first-year allowance on the full cost of the car in the capital allowances computation for the accounting period to 31 March 2027, as a separate single-asset entry, and do not attempt to put the expenditure through the annual investment allowance or full expensing columns of the CT600.

Timing On the CT600 for the period to 31 March 2027, due 31 March 2028 (corporation tax payable 1 January 2028). This is the company's calendar, not the SA100 calendar.

Authority Capital Allowances Act 2001, s 39

MOVE 4

• VERIFIED

Have the company contract for and pay for a dedicated electric vehicle charging point installed solely for charging electric vehicles, with the installation invoiced and the obligation incurred on or before 31 March 2027, and claim a separate 100% first-year allowance on that expenditure.

Timing Same period as Move 1, the relevant period for a company ends 31 March 2027 (CAA 2001 s 45EA(3)(a)). Best sequenced immediately after the car order is placed.

Authority Capital Allowances Act 2001, s 45EA

MOVE 5

• VERIFIED

Compute the cash equivalent of the car benefit for 2026/27 and each later year using the eight-step method: list price plus accessories, less any capital contribution, multiplied by the appropriate percentage for a 0g/km car, less any deduction for unavailability or for payments made for private use. Model the figure before the car is ordered so the director sees the annual cost against the list price chosen.

Timing Before the order is placed (so the price step is a choice, not a consequence), and then recomputed afresh for each tax year.

Authority Income Tax (Earnings and Pensions) Act 2003, s 121

MOVE 7

• PROCEDURAL · CONFIRMED

Budget for and pay the company's Class 1A National Insurance on the cash equivalent, reporting on form P11D(b) and paying by 22 July (19 July if not electronic) following the end of the tax year, and take the deduction for that Class 1A in the company's corporation tax computation for the period in which it is paid.

Timing P11D(b) due 6 July after the tax year end; payment 22 July. For a car first made available in 2026/27, that is 6 and 22 July 2027.

Authority Social Security Contributions and Benefits Act 1992, s 10

Administrative execution step; governed by the cited procedure or instructions.

MOVE 8

• VERIFIED

Decide between (a) a capital contribution by the director to the cost of the car and (b) a formal, enforceable requirement to make private use payments, and if either is used, document it in writing before the car is first made available and record the payments in the company's books in each tax year.

Timing Capital contribution must be made as part of the acquisition (Move 1); private use payments must be required and actually paid for the tax year concerned, and settled by 6 July following the tax year end.

Authority Income Tax (Earnings and Pensions) Act 2003, s 121

MOVE 10

• VERIFIED

Do not attempt the alternative of the company leasing the car to the director at a commercial rent in order to displace the benefit charge. Treat the car as made available by reason of the employment and charge the cash equivalent.

Timing Standing instruction from the outset; relevant to how the inter-company/director documentation is drafted in Move 1.

Authority [2014] UKUT 95 (TCC) HMRC v Apollo Fuels Limited and Others Brian Edwards and Others: a

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (1 citation rejected, 1 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 6 · Register the car with HMRC and report the benefit for the director, either by payrolling the benefit in real time through the Brightwater Systems Ltd payroll from the start of the tax year in which the car is first made...

Move 9 · Do NOT structure this as a salary sacrifice for this director.

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company could buy a brand new fully electric car in its own name before 31 March 2027 and write off the entire purchase price against its profits in that same year, which no petrol or diesel car and no second-hand electric car would allow. You would then pay a small annual tax charge on having the car available for private use, which for an electric car is calculated on a very low percentage of the list price, and the company pays a National Insurance charge on that same small amount.

Your accountant could cost this against the alternative of taking extra dividends to buy a car yourself, and would also look at the company funding a charging point, which attracts the same immediate write-off; because your salary is only £12,570 a salary sacrifice version of this would not work for you, though it might for your employee.

STRUCTURE E5 · ENGINEERING MODE

EST. COMBINED IMPACT

Issue full-rights ordinary shares to the spouse (Arctic Systems) to move dividends into her unused basic-rate band

£8,250

ProvisionsITTOIA 2005, s 624, ITTOIA 2005, s 626, ITA 2007, s 8, ITA 2007, ss 682-713, CA 2006, s 830

Estimated impact£8,250

ANNUAL TAX SAVED, 2026/27 onwards. Spouse's unused basic-rate band after her £18,000 salary is approximately £32,270 (£37,700 basic-rate limit less £5,430 of taxable salary); assuming a £500 dividend allowance, a dividend of approximately £32,770 to her bears 0% on £500 and 10.75% on £32,270 (ITA 2007 s 8(1) as amended by FA 2026 s 4) instead of 35.75% in the client's hands (s 8(2)): £500 × 35.75% = £179, plus £32,270 × 25.00% = £8,068, total £8,247, rounded to £8,250.

The associated reduction in the High Income Child Benefit Charge (up to approximately £730 a year on the stated 33% charge against £2,213 of benefit) is set to 0 here to avoid double-counting with any pension or Gift Aid structure that also reduces adjusted net income. Prospective only: nothing can be applied to 2024/25, and the related 2024/25 dividend was paid in a closed year.

Timeline	2 to 6 weeks to implement (reserves check, articles review, board minute, SH01 within one month of allotment); must be completed and registered before the first 2026/27 dividend declaration intended to benefit from it, and in any event before 5 April 2027 for the 2026/27 saving. Recurring annually thereafter.
Feasibility	high
Disclosure	Clearance under ITA 2007 s 701 (transactions in securities) only if a buy-back, capital reduction or reorganisation is added to the share issue, not required for a simple issue of ordinary shares followed by ordinary dividends, Employment-related securities annual return (ERS) consideration: confirm whether the spouse's acquisition is by reason of her own or the client's employment (ITEPA 2003 Part 7), if so, an ERS return and a s 431 election analysis arise; the retrieved set does not cover this, No DOTAS hallmark expected on a straightforward spousal share issue; the adviser should confirm, SH01 (return of allotment) at Companies House within one month; updated register of members and confirmation statement
Adviser must validate	(1) Distributable reserves of Brightwater Systems Ltd at each declaration date under CA 2006 s 830 (not in the retrieved set) and that the £8,500 overdrawn director's loan is addressed separately under CTA 2010 s 455; (2) that the articles and any shareholders' agreement contain no provision capable of returning the shares to the client, for ITTOIA 2005 s 626(4); (3) the 2026/27 basic-rate limit, personal allowance and dividend allowance figures, none of which are in the retrieved authorities; (4) that the spouse's 2026/27 income is still £18,000 with a full personal allowance, so the band calculation of approximately £32,270 holds; (5) whether the acquisition is employment-related securities under ITEPA 2003 Part 7, and the no gain/no loss treatment of any transfer of existing shares under TCGA 1992 s 58, neither of which was retrieved; (6) the 2026/27 High Income Child Benefit Charge threshold and taper and which partner has the higher adjusted net income after the reallocation; (7) that the facts here are prospective only, the 2024/25 return's amendment window closes 31 January 2027 but nothing in this structure is retroactive to a dividend already paid.

Implementation moves

MOVE 2

• VERIFIED

Review the company's articles and share rights to confirm there is a single class of ordinary shares carrying full voting, capital and dividend rights, and that nothing in the articles or any shareholders' agreement permits the client to require the shares back, to direct dividends on them, or to apply them for his own benefit. If the articles contain compulsory transfer or bad-leaver provisions capable of returning the shares to the client, amend them by special resolution before the issue.

Timing After Move 1, before the issue or transfer in Move 3
Authority Income Tax (Trading and Other Income) Act 2005, s 626

MOVE 3

• VERIFIED

Either (a) issue new ordinary shares of the existing class to the spouse by board resolution, or (b) transfer existing ordinary shares to her by stock transfer form; in each case record the board minute, update the register of members and file the SH01 (return of allotment) at Companies House within one month of allotment. The shares must be ordinary shares of the same class as the client's, carrying full voting, dividend and capital rights, not non-voting, redeemable, or a separate 'alphabet' class with discretionary dividend rights.

Timing Immediately after Moves 1-2 and, critically, BEFORE any dividend is declared out of which the spouse is to benefit; for the 2026/27 saving the issue must be registered before the first 2026/27 dividend declaration and in any event before 5 April 2027
Authority Income Tax (Trading and Other Income) Act 2005, s 626

MOVE 4

• VERIFIED

Document in the board minute that no dividend waiver has been or will be executed by the client, and declare each dividend as a single rate per share across the whole ordinary class, so that the client and spouse receive dividends strictly in proportion to their holdings.

Timing At every dividend declaration from the first 2026/27 declaration onwards
Authority Income Tax (Trading and Other Income) Act 2005, s 626

MOVE 5

• VERIFIED

Size the 2026/27 dividend routed to the spouse to fill her unused basic-rate band: with a £18,000 salary she has approximately £32,270 of basic-rate band unused plus the dividend allowance, so a dividend of roughly £32,770 to her is taxed at the dividend nil rate and the dividend ordinary rate of 10.75% instead of the client's 35.75% upper rate. Fix the proportion of the share capital she holds to deliver that amount at a uniform rate per share.

Timing Declarations spread across 2026/27; the final declaration for the year must be made and the dividend become due and payable on or before 5 April 2027

Authority Income Tax Act 2007, s 8

MOVE 7

• PROCEDURAL · CONFIRMED

If, alongside the share issue, any buy-back, bonus issue, reduction of capital or reorganisation of the share capital is contemplated, apply to HMRC under the clearance procedure with full particulars before implementing it. A straightforward issue of ordinary shares to a spouse followed by ordinary dividends is not a transaction designed to obtain an income tax advantage, and clearance is not needed for that alone.

Timing Only if a capital transaction is added; application must precede implementation and HMRC must respond within 30 days of receiving full particulars

Authority Income Tax Act 2007, s 701

Administrative execution step; governed by the cited procedure or instructions.

MOVE 8

• VERIFIED

Do not attempt the same income-splitting for the Stockport buy-to-let by a declaration of trust over the rents while the legal title stays in the client's sole name; if the rental income is to be shared, transfer a beneficial interest in the property itself to the spouse and make a Form 17 declaration where the property is then held jointly.

Timing Separate workstream; decide before the 2026/27 rental year-end if any transfer is wanted

Authority Income Tax (Trading and Other Income) Act 2005, s 626

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (0 citations rejected, 2 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 1 · Before anything is issued, have the company's accountant prepare interim accounts for Brightwater Systems Ltd showing accumulated realised profits available for distribution, so that every dividend subsequently declared on the...

Move 6 · Recompute the High Income Child Benefit Charge position: the client's adjusted net income falls materially once roughly £32,770 of dividends is paid to the spouse instead, and confirm that after the reallocation the client...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your spouse currently holds no shares in the company, so all £60,000 of dividends is taxed on you, much of it at the higher dividend rate. Your accountant could arrange for ordinary shares with full voting, dividend and capital rights to be issued or transferred to her as an outright gift, properly minuted and registered, so that future dividends paid on her shares are taxed on her and the first £32,000 or so falls within the basic rate instead of the higher rate.

On the current rates that is in the region of £8,250 of income tax a year, with a possible further reduction in the child benefit charge, provided the shares are a genuine unconditional gift, the company has enough distributable profit, and no dividend is waived in her favour.

STRUCTURE E6 · ENGINEERING MODE

EST. COMBINED IMPACT

Employment allowance claim at the company, current year plus four open earlier years, and recalibration of the director's salary to the allowance headroom

£3,371

Provisions

NICA 2014, s 1, NICA 2014, s 2, SSCBA 1992, s 9A, CTA 2009, s 54

Estimated impact	£3,371 TAX SAVED, annual, recurring. 2026/27 employer Class 1 secondary liability estimated at £4,586 (director £12,570 and employee £28,000, 15% on the excess over the £5,000 secondary threshold), fully absorbed by the £10,500 allowance; net of the corporation tax deduction lost on the NIC no longer payable (26.5% marginal rate assumed on £118,000-level profits), the net cash benefit is about £3,371 a year. SEPARATE ONE-OFF: retrospective claims recover about £4,586 for 2025/26 and about £3,087 for 2024/25 (allowance £5,000, 13.8% rate, £9,100 threshold), about £7,673 gross, roughly £5,640 net of corporation tax, carried here as a one-time figure and not included in the annual number above. 2023/24 and 2022/23 are not valued: the facts do not state whether a second employee was on the payroll in those years. Any value from the Move 6 salary recalibration is NOT counted here, it is modelling-dependent and would be carried on the remuneration-mix structure, set to 0 on this one to avoid double-counting.
Timeline	2-4 weeks for the current-year and arrears EPS filings; 8-12 weeks for HMRC to process and allocate or repay the earlier-year credits; salary modelling and any payroll change to be completed before 5 April 2027 and before the company's 31 March 2027 period end.
Feasibility	high
Disclosure	EPS Employment Allowance claim is a declaration of eligibility, the de minimis state aid/subsidy declaration and business sector box apply to claims for years up to 2024/25 and must be completed correctly, No DOTAS notifiable arrangement arises, If the director's salary is increased, the change must be reported on FPS in real time under the PAYE Regulations 2003 (SI 2003/2682)

Adviser must validate

That the other employee was paid above the secondary threshold in each year claimed, from FPS data (2023/24 and 2022/23 are not established in the facts); that total secondary Class 1 liability in the year preceding each claim year was under £100,000; that there are no connected companies requiring aggregation under NICA 2014, Sch 1 and no associated-company issue; that only one PAYE scheme exists or one is properly nominated; the de minimis subsidy position for pre-2025/26 years; the company's actual 2026/27 corporation tax marginal rate; and, independently against CTA 2009, s 54 and the unpaid remuneration rule, the deductibility and timing of any increased directors' remuneration, together with the effect of a salary increase on the High Income Child Benefit Charge and on the dividend rate bands.

Implementation moves

MOVE 1

• VERIFIED

Before any EPS is filed, confirm on the payroll records for each year of claim that Brightwater Systems Ltd incurred secondary Class 1 liability on earnings paid to at least one employed earner who is not the sole director, the facts give one other employee on £28,000 alongside the £12,570 director's salary, so that the single-director exclusion in NICA 2014, s 2(4A) does not bite. Record the month-by-month evidence (FPS data) for 2026/27 and for each earlier year claimed.

- Timing First step; must be completed before the claim box on any Employer Payment Summary is ticked, and separately verified for each tax year claimed (the test applies year by year).
- Authority National Insurance Contributions Act 2014, s 2

MOVE 2

• VERIFIED

Verify the remaining eligibility gates for each year: that the company's total secondary Class 1 liability in the tax year BEFORE the year of claim was under £100,000 (on the facts, a two-person payroll, comfortably so), that the company is not a public authority and that the employment is not connected with personal, family or household affairs. Where more than one PAYE scheme exists, nominate the single scheme on which the allowance is claimed.

- Timing Immediately after Move 1 and before the EPS is submitted for each year.
- Authority National Insurance Contributions Act 2014, s 2

MOVE 3

• PROCEDURAL · CONFIRMED

Submit an Employer Payment Summary for Brightwater Systems Ltd for the current tax year 2026/27 with the Employment Allowance indicator set to 'yes', so that the £10,500 allowance is offset against employer Class 1 NIC as the payroll runs for the remainder of the year to 5 April 2027.

Timing As soon as possible in 2026/27 and in any event before 5 April 2027; the claim does not roll forward from an earlier year and must be made afresh each tax year.

Authority HMRC PAYE Manual PAYE56010

Administrative execution step; governed by the cited procedure or instructions.

MOVE 4

• PROCEDURAL · CONFIRMED

File a separate Employment Allowance EPS for each still-open earlier tax year, 2025/26 (allowance £10,500 against secondary liability of about £4,586) and 2024/25 (allowance £5,000 against secondary liability of about £3,087, being 13.8% on the excess of £12,570 and £28,000 over the £9,100 secondary threshold), and for 2023/24 and 2022/23 only if payroll records show a second earner above the secondary threshold in those years.

Timing Available now: the claim reaches back four previous tax years. These are COMPANY payroll claims on the PAYE scheme, not items on the 2024/25 SA100 (taxpayer amendment window closes 31 January 2027) and not items on the CT600 for the period to 31 March 2025 (filing window closed 31 March 2026).

Authority gov.uk: Employment Allowance, When to claim

Administrative execution step; governed by the cited procedure or instructions.

MOVE 5

• PROCEDURAL · CONFIRMED

Once the earlier-year EPS filings are lodged, write to HMRC's Employer Helpline/PAYE office asking that the resulting unused allowance for each closed year be set against outstanding PAYE, NIC, VAT or corporation tax, or repaid to the company if nothing is owed; reconcile the credits against the HMRC online employer account.

Timing After Move 4, allowing HMRC processing time; reconcile before the company's next corporation tax payment date so credits can be applied.

Authority gov.uk: Employment Allowance, When to claim

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• VERIFIED

With the 2026/27 allowance claimed and roughly £5,900 of allowance headroom unused, model an increase in the director's salary from £12,570 towards the primary threshold band and beyond, testing the combined income tax and employee Class 1 cost on the extra salary against the cost of extracting the same cash as a dividend, and against the displacement of dividend income into the higher dividend rate band. Implement only the amount the model shows to be beneficial.

Timing Modelling before the next payroll run; any salary change must be operated through payroll and reported on FPS in 2026/27 (by 5 April 2027) to fall in that year. Coordinate with the company's accounting period to 31 March so the deduction lands in the intended period.

Authority National Insurance Contributions Act 2014, s 1

MOVE 8

• PROCEDURAL · CONFIRMED

Diarise an annual Employment Allowance EPS as a standing item in the payroll calendar, a fresh claim at the start of each tax year from 6 April 2027 onwards, and re-test the second-employee condition each year, since the allowance is lost for any year in which the other employee leaves and the director becomes the sole earner.

Timing Recurring: each 6 April, beginning 6 April 2027.

Authority HMRC PAYE Manual PAYE56010

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (0 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 7 · Confirm, before any salary increase is authorised, that the additional remuneration is deductible in computing the company's trading profits as an expense incurred wholly and exclusively for the trade and is paid (or treated as...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company employs someone besides you, which means it should be entitled to the Employment Allowance, a reduction of up to £10,500 a year in the employer National Insurance bill.

Your accountant could tick the claim box on a payroll submission for the current year and file further submissions for up to four earlier years, which on these numbers should wipe out the employer National Insurance of roughly £4,600 for this year and recover something in the region of £7,700 for the two most recent past years, less the corporation tax effect.

With the employer National Insurance covered, your accountant can also model whether taking a little more of your money as salary rather than dividends now works out cheaper overall, which depends on your exact income mix and should be tested before anything changes.

STRUCTURE E7 · ENGINEERING MODE

EST. COMBINED IMPACT

Directors' loan account: clear the £8,500 before the next nine-month date, recover s 455 tax already charged under s 458, and keep the balance under £10,000

£2,869

Provisions CTA 2010, s 455, CTA 2010, s 458, CTA 2010, s 464C, ITEPA 2003, s 175, ITEPA 2003, s 180

Estimated impact

£2,869

One-time recovery of corporation tax, not an annual saving: £8,500 at the 33.75% dividend upper rate is £2,868.75 of s 455 tax, recoverable in full under CTA 2010, s 458 once the balance is enduringly repaid.

Going forward the structure is protective rather than value-creating: it avoids a fresh s 455 charge of up to £3,375 on a balance of up to £10,000 for each later accounting period (that element is tax deferred, since s 455 tax is repayable on repayment, with the real cost being the loss of use of the cash between the nine-month date and the s 458 repayment date).

The ITEPA 2003, s 180 element carries £0 here because at £8,500 the benefit-in-kind exemption already applies and no charge has arisen; its value is protective exposure-defended value only. No value is attributed to the dividend used to clear the account, since that dividend is itself taxable at the client's dividend upper rate and its income tax cost is carried in the dividend-timing analysis, not here.

Timeline

Immediate: ledger reconstruction and CT600A check (Moves 1 and 2, within 30 days). Clearing credit for the period to 31 March 2026 on or before 1 January 2027. Clearing credit for the period to 31 March 2027 on or before 1 January 2028. The s 458 claim cannot be paid until nine months after the end of the accounting period of repayment, and must be made within four years of the end of the financial year of repayment (31 March 2031 for a repayment in the year to 31 March 2027).

Feasibility

high

Disclosure

CT600A (loans to participators) must be completed for each accounting period in which any balance is outstanding, including the repayment columns supporting the CTA 2010, s 458 claim. Where the s 458 claim is made outside a Company Tax Return, a stand-alone claim under TMA 1970, Sch 1A identifying the accounting period of the original charge and the date and amount of repayment. No DOTAS notification is expected: clearing a loan account by a properly declared dividend is not a notifiable arrangement under FA 2004, Part 7, P11D is not required for the loan while ITEPA 2003, s 180(1)(a) applies, but the day-by-day balance schedule should be retained as the evidence for that position. If an amendment to the Company Tax Return for the period to 31 March 2025 is used, FA 1998, Sch 18, para 15 and the actual delivery date of that return govern whether the window is open

Adviser must validate Whether CT600A for the period to 31 March 2025 reported the £8,500 and whether the £2,868.75 of s 455 tax was actually paid (the facts state only the year-end balance); the actual delivery date of that Company Tax Return, which fixes whether the FA 1998, Sch 18, para 15 amendment window is still open; the true day-by-day maximum balance across 2024/25, 2025/26 and 2026/27, since the £10,000 test in ITEPA 2003, s 180(2) looks at every day, not the year-end figure; whether any part of the balance represents voted but unpaid remuneration rather than a loan; distributable reserves at the date of each clearing dividend; whether any sums were advanced to the spouse or another associate, which would aggregate under s 455(1)(a); and the income tax and High Income Child Benefit Charge effect on the client of the dividend used to clear the account in the tax year of declaration.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Reconstruct the directors' loan account ledger for Brightwater Systems Ltd on a transaction-by-transaction basis from 1 April 2024 to date, and confirm from the filed CT600 for the period to 31 March 2025 whether the £8,500 overdrawn balance was reported on form CT600A and whether s 455 tax of £2,868.75 (£8,500 at the 33.75% dividend upper rate) was paid with the corporation tax for that period.

Timing First step, immediately. The Company Tax Return for the period to 31 March 2025 was due 31 March 2026 and that filing date has passed; an amendment under FA 1998, Sch 18, para 15 runs for twelve months from the actual filing date, so the adviser must first establish the delivery date before assuming an amendment route is open.

Authority Corporation Tax Act 2010, s 455

Administrative execution step; governed by the cited procedure or instructions.

MOVE 2

• VERIFIED

Document that the client is a participator in a close company (100% shareholder and director of Brightwater Systems Ltd) and that the overdrawn balance is a loan or advance within s 455(1)(a) rather than, for example, remuneration voted but unpaid or a trade debt in the ordinary course of a money-lending business.

Timing Concurrent with Move 1; must precede any repayment planning so the correct charging provision is identified.

Authority Corporation Tax Act 2010, s 455

MOVE 4

• VERIFIED

Repeat the same discipline for the accounting period ending 31 March 2027: monitor the account quarterly and clear any balance before 1 January 2028, with the clearing credit declared and minuted in the period in which it falls.

Timing Monitoring from now; clearing action on or before 1 January 2028.

Authority Corporation Tax Act 2010, s 455

MOVE 5

• ADVISER TO CONFIRM

Ensure every repayment is enduring: do not advance new sums to the client within 30 days either side of a repayment, and record in the board minute that no arrangements existed at the time of the repayment for further loans to be made.

Timing Applies to each repayment at Moves 3 and 4; the 30-day test is tested from the date of repayment.

Authority HMRC Company Taxation Manual CTM61635

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 6

• PROCEDURAL · CONFIRMED

Where s 455 tax of £2,868.75 has in fact been paid for the period to 31 March 2025, make the s 458 relief claim for the accounting period in which the repayment falls, either in the Company Tax Return for that period (CT600A, repayment pages) or, if outside a return, as a stand-alone claim under TMA 1970, Sch 1A.

Timing Relief cannot be given before the end of nine months from the end of the accounting period in which the repayment occurs (s 458(5)), so for a repayment made in the period to 31 March 2027, not before 1 January 2028. The outer claim limit is four years from the end of the financial year in which the repayment is made (s 458(3)): a repayment in financial year 2026 (1 April 2026 to 31 March 2027) gives a claim window to 31 March 2031, OPEN.

Authority Corporation Tax Act 2010, s 458

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• VERIFIED

Operate the account so that the aggregate balance outstanding on all employment-related loans does not exceed £10,000 at any time in any tax year, with a day-by-day balance schedule retained, and record that accrued interest is not added to the balance until it falls due for payment.

Timing Continuous, tested across each tax year (6 April to 5 April), including 2026/27 to 5 April 2027.

Authority Income Tax (Earnings and Pensions) Act 2003, s 180

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 0 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 3 · For the accounting period ending 31 March 2026, clear the whole outstanding balance to nil before 1 January 2027, preferably by declaring an interim dividend (documented by board minute and dividend voucher, supported by interim...

Move 8 · Replace loan-account drawings prospectively with a documented remuneration pattern: a regular interim dividend schedule with vouchers and minutes, and, where cash is needed in excess of reserves, an employer pension contribution...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

You currently owe your company around £8,500 on your director's loan account. Companies have to pay a holding tax of just over a third of any such balance still outstanding nine months and a day after the year end, and that date for the year to 31 March 2025 was 1 January 2026, so your accountant should first check whether that tax of about £2,869 was paid with the company's corporation tax.

If it was, it can be reclaimed in full once the balance is properly cleared, and if the account is cleared before 1 January 2027 for the current year and kept under £10,000 at all times, no further holding tax arises and no taxable benefit is reported on you.

The practical change is that money would reach you through properly declared dividends or payroll on a set schedule, instead of building up as a loan, and your accountant can set the schedule so the clearing dividend does not push your income into an unhelpful band.

STRUCTURE E8 · ENGINEERING MODE

EST. COMBINED IMPACT

Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust, rate arbitrage plus release of basic-rate band for dividends

£2,300

Provisions	TCGA 1992, s 58, ITTOIA 2005, s 272A, ITTOIA 2005, s 274A, ITA 2007, s 16, FA 2003, Sch 4ZA, ITA 2007, s 836
Estimated impact	£2,300 ANNUAL TAX SAVED across the couple, on a full-year transfer of 100% of the beneficial interest. Client's side: rental profit of £9,200 leaves his return, saving £1,840 of tax at 20% on that slice of non-savings income less the £460 basic-rate finance cost reduction forgone, and the £9,200 of basic rate band released lets £9,200 of Brightwater dividends fall from 33.75% to 8.75%, worth £2,300, £3,680 in total. Spouse's side: £9,200 taxed at 20% (her income remains within the basic rate band at £27,200) = £1,840, less her £460 finance cost reduction = £1,380 payable. Net family saving £3,680 - £1,380 = £2,300 a year, recurring. A deed signed part-way through 2026/27 yields a time-apportioned fraction of this in the first year. Any High Income Child Benefit Charge reduction (Move 9) is additional and is deliberately carried at nil pending reconciliation of the 33% figure. No CGT cost (TCGA 1992, s 58) and, on the Move 1 sizing, no SDLT cost.
Timeline	6 to 10 weeks from instruction: 1-2 weeks for valuation, title and redemption figures, 4-8 weeks for lender consent, then deed execution. Target execution well before 5 April 2027 so part of 2026/27 benefits; full-year benefit from 2027/28. If joint legal title is used, Form 17 must reach HMRC within 60 days of the deed. SDLT return, if any, within 14 days of the deed.
Feasibility	medium

Disclosure

SDLT return (SDLT1) within 14 days of the effective date if the chargeable consideration is notifiable; higher rates for additional dwellings considered and documented either way, Form 17 declaration to HMRC within 60 days of the deed, with a certified copy of the deed attached, if the legal estate is put into joint names, Trust Registration Service: a bare trust between spouses over land is within the excluded-trust categories in most cases, but the adviser should confirm the exclusion applies to this deed before deciding not to register, Not a notifiable arrangement for DOTAS purposes (FA 2004, Part 7) on these facts; no white-space disclosure considered necessary on the SA100, though the date of the deed and the profit apportionment should be noted in the white space on the first affected return for both spouses

Adviser must validate

(1) The outstanding mortgage balance and property value, not stated in the facts, and therefore the maximum beneficial percentage transferable without crossing the £40,000 Condition A threshold; (2) the lender's written consent and whether the spouse is joined to the mortgage covenant; (3) that the deed is validly executed in writing and signed, and that beneficial ownership of both income and capital passes without any reservation or arrangement to return the income; (4) that the spouse's total income after the transfer stays within the basic rate band (£18,000 plus her share of the £9,200), failing which the arbitrage narrows; (5) whether the spouse holds any other dwelling that could alter the additional-dwelling analysis; (6) the Trust Registration Service exclusion; (7) the basis of the 33% High Income Child Benefit Charge shown for 2024/25 before any incremental charge saving is quoted to the client; (8) the long-run capital position, the spouse inherits the client's base cost under TCGA 1992, s 58, and the whole gain on a later sale falls on her; (9) that the 2024/25 return is not being revisited by this structure, it is prospective only, taking effect from the date of the deed, with the 2024/25 amendment window (open to 31 January 2027) irrelevant to it.

Implementation moves

MOVE 1

• ADVISER TO CONFIRM

Before any deed is drafted, establish the hard facts the structure turns on: (a) obtain the lender's redemption statement for the Stockport buy-to-let as at today and the current open-market value; (b) confirm from the Land Registry title that the legal estate is in the client's sole name and that no existing declaration of trust or Form 17 has ever been lodged; (c) quantify the share of the outstanding mortgage debt the spouse would be treated as assuming on the intended percentage transfer. The debt assumed is the chargeable consideration, keep it strictly below £40,000, if necessary by transferring a percentage of the beneficial interest rather than 100%, or by the lender agreeing that the client alone remains liable on the covenant.

Timing First step; complete in the current planning year 2026/27 and before the deed is executed. No deadline attaches to this move itself, but nothing later can be executed safely until it is done.

Authority HMRC Stamp Duty Land Tax Manual SDLTM09770

Authority caveat: the retrieved citation is HMRC published guidance (a manual, brief, statement of practice, concession, notice or gov.uk page), HMRC's view and not the law for this proposition, adviser to confirm against the governing Act or instrument directly.

MOVE 3

• VERIFIED

Execute a deed of trust by which the client declares that he holds the Stockport property on trust for his spouse as to the agreed percentage of the beneficial interest (100% if the SDLT arithmetic at Move 1 permits), dated and signed, with the beneficial interest in income and capital transferred together. Do not split income from capital, and do not reserve any right to the income.

Timing Execute as early as possible in the current tax year 2026/27 (which ends 5 April 2027): rental profit is apportioned from the date of the deed, so every month of delay costs roughly one twelfth of the annual saving. A deed signed before 6 April 2027 secures a part-year benefit; a deed signed early in 2027/28 secures a full year from 2027/28 onward.

Authority Taxation of Chargeable Gains Act 1992, s 58

MOVE 4

• VERIFIED

Decide and document the legal title position. Preferred route: leave the legal estate in the client's sole name and transfer 100% of the beneficial interest by the Move 3 deed, the property is then not 'held in the names of' both spouses, s 836 never engages, no 50:50 deeming arises and no Form 17 is required; the whole rental profit is the spouse's as the person beneficially entitled. Alternative route: transfer the legal estate into joint names, in which case the 50:50 deeming applies automatically unless a Form 17 declaration of unequal beneficial interests is lodged.

Timing Decided at the same time as the deed at Move 3; the choice dictates whether Move 5 (Form 17) is needed at all.

Authority Income Tax Act 2007, s 836

MOVE 5

• PROCEDURAL · CONFIRMED

Only if the joint legal title route is taken at Move 4: complete and lodge Form 17 with HMRC, signed by both spouses, declaring the unequal beneficial shares, together with a copy of the deed of trust as the required evidence, within 60 days of the date the deed is signed. A Form 17 received outside sixty days is invalid and the 50:50 deeming stands until a fresh declaration is made.

Timing Within 60 days of the date of the Move 3 deed. Hard deadline, the declaration takes effect from the date of signature only if lodged in time; it cannot be back-dated and it is not retrospective to earlier tax years.

Authority Income Tax Act 2007, s 836

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• PROCEDURAL · CONFIRMED

Deal with SDLT: if the chargeable consideration (the mortgage debt treated as assumed by the spouse) is nil or below the notification threshold, record on file that no SDLT return is required and why; if it reaches £40,000 or more, file the SDLT return and pay at the higher rates for additional dwellings on the whole consideration within 14 days of the effective date of the transaction.

Timing Within 14 days of the effective date (the date of the deed) if notifiable. Immediately after Move 3.

Authority Finance Act 2003, Sch 4ZA para 1

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• VERIFIED

Register the spouse with HMRC for self assessment as the proprietor of a UK property business from the date of the deed, and from 2026/27 onward report on her SA105 her percentage of rents and allowable expenses and claim the basic-rate tax reduction for the residential finance costs she bears; the client's SA105 reports only his retained percentage (nil, if 100% was transferred) for the part of the year before the deed.

Timing Registration by 5 October following the end of the first tax year in which she has property income (so by 5 October 2027 for a 2026/27 deed). SA105 entries on each 2026/27 return due 31 January 2028.

Authority Income Tax (Trading and Other Income) Act 2005, s 274A

MOVE 8

• VERIFIED

Record on file that this structure is confined to the rental property and is not extended, on the same reasoning, to the Brightwater Systems Ltd shares: a transfer of shares to the spouse to split dividends must be an outright gift of the shares themselves (and is a separate decision), because the jointly-held-property deeming does not reach close company distributions.

Timing At the same file review as Move 3; a guard-rail, not a transaction.

Authority Income Tax Act 2007, s 836

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (2 citations rejected, 0 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 2 · Obtain the buy-to-let lender's written consent to the transfer of the beneficial interest (and, if joint legal title is chosen at Move 4, to the transfer of the legal estate), and ask the lender to confirm in writing whether the...

Move 9 · Recompute the client's adjusted net income after the transfer and review the High Income Child Benefit Charge position: removing £9,200 of rental profit takes adjusted net income from £86,570 to roughly £77,370, which reduces...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your Stockport rental is held in your name alone, so all of its profit is taxed at your higher rate and, just as importantly, it uses up the slice of your basic rate band that your company dividends would otherwise sit in.

Your accountant could arrange a signed deed transferring the beneficial interest in that property to your wife, with her then reporting the rent on her own tax return, which on current figures is expected to save the two of you in the region of £2,300 a year between you, with no capital gains tax on the transfer itself because transfers between spouses living together are made on a no gain, no loss basis.

Two practical points to settle first: the lender needs to agree, and the amount of mortgage debt treated as passing to her needs to be kept below £40,000 so that no stamp duty surcharge arises, and if the property is put into joint names instead there is a strict sixty-day deadline for lodging a declaration with HMRC.

STRUCTURE E9 · ENGINEERING MODE

EST. COMBINED IMPACT

Bed-and-ISA the £35,000 joint savings and re-site the remainder with the lower-rate spouse

£1,720

Provisions ITTOIA 2005, s 694, ITTOIA 2005, s 695, TCGA 1992, s 151, ITA 2007, s 16, ITA 2007, s 12, ITTOIA 2005, s 626

Estimated impact	£1,720 Annual income tax saved, recurring once the pot is fully wrapped. £4,800 of interest is reported on the client's 2024/25 return; as a higher-rate taxpayer his personal savings allowance is £500, so £4,300 is taxed at 40% = £1,720 a year. Exempting that interest inside ISAs (Move 3) removes it. Where the balance is temporarily held by the spouse instead (Move 4) the saving on the same interest is up to the same £1,720, that is the SAME pound of interest, so it is carried here once and not added again. A secondary consequence is a reduction in the client's adjusted net income of up to £4,800, which reduces the High Income Child Benefit Charge (the 2024/25 return shows the charge computed on 33% of the benefit of roughly £2,213 a year); the facts do not state the thresholds that will apply for 2026/27, so no figure is carried for that here and the adviser should quantify it separately. Figures assume the interest rate on the £35,000 continues at the rate implicit in the 2024/25 return.
Timeline	4-8 weeks to set up, but the whole 2026/27 element must be funded and the subscriptions accepted by the plan manager before 5 April 2027; the 2027/28 round starts 6 April 2027.
Feasibility	high
Disclosure	No DOTAS notification: ISA subscriptions within the statutory limit and an outright inter-spouse gift are not notifiable arrangements under FA 2004 Part 7, No white-space disclosure on the SA100 is required for ISA income, which is not reportable (SAIM2310); if the account mandate does not clearly evidence equal beneficial shares, retain the deed or gift note on file rather than disclosing
Adviser must validate	(1) Who beneficially owns the £35,000, bank mandate, source of the capital and whether any declaration of trust exists; (2) that the inter-spouse transfer is outright and unconditional with no reversion, loan-back or retained benefit, satisfying ITTOIA 2005 s 626(2), (4); (3) the ISA subscription limit and permitted account types in force for 2026/27 and 2027/28, and that neither spouse has already subscribed elsewhere in 2026/27; (4) the spouse's full income for the year, to confirm he remains a basic-rate taxpayer entitled to the £1,000 personal savings allowance; (5) the High Income Child Benefit Charge thresholds and percentage applying for 2026/27 before quantifying the secondary saving; (6) the interest rate actually being earned, since the £1,720 figure is derived from the interest reported on the 2024/25 return.

Implementation moves

MOVE 1

• PROCEDURAL · CONFIRMED

Establish and document the beneficial ownership of the £35,000 joint savings account before anything is moved: obtain the bank mandate and evidence of who contributed the capital, and record the conclusion (presumed equal beneficial shares for spouses holding in joint names) in a short file note. This fixes that £17,500 is already the client's and £17,500 already the spouse's for ISA-subscription purposes.

Timing First step, immediately, before any ISA application is submitted in 2026/27 (so before 5 April 2027).

Authority Income Tax (Trading and Other Income) Act 2005, s 626

Administrative execution step; governed by the cited procedure or instructions.

MOVE 2

• VERIFIED

Where the beneficial ownership is not already equal, transfer the shortfall to the spouse as an outright, unconditional gift of cash, a straight bank transfer into an account in the spouse's sole name, with no side agreement, no right of return, no condition and no retained benefit for the client. Record it by a brief deed or signed gift note stating the gift carries the whole of the income and the whole of the capital.

Timing After Move 1 and before the spouse's ISA subscription in Move 3; cleared funds must be in the spouse's own account before he subscribes.

Authority Income Tax (Trading and Other Income) Act 2005, s 626

MOVE 3

• VERIFIED

Open a cash ISA in the client's sole name and a separate cash ISA in the spouse's sole name (there is no such thing as a joint ISA) and subscribe £17,500 from each person's own funds for 2026/27, completing the subscriptions with cleared funds before 5 April 2027. Retain the ISA application declarations for both.

Timing 2026/27 only, subscriptions must be complete by 5 April 2027. Nothing can be back-dated: the 2024/25 and 2025/26 allowances are gone as a matter of fact.

Authority Income Tax (Trading and Other Income) Act 2005, s 694

MOVE 4

• VERIFIED

For any savings held outside the wrapper in the interim (and for future accumulations of post-tax dividend cash), hold the interest-bearing balance in the spouse's sole name rather than the client's or jointly, so the interest is taxed as the top slice of his income within the basic-rate band against his £1,000 personal savings allowance.

Timing Ongoing from 2026/27; review each 5 April before the next subscription round.

Authority Income Tax Act 2007, s 16

MOVE 6

• PROCEDURAL · CONFIRMED

Reflect the change in the 2026/27 SA100 reporting: report only the non-ISA interest arising to the client for the part-year before wrapping, exclude all ISA income entirely, and re-test adjusted net income for the High Income Child Benefit Charge once the interest has been removed. Consider whether the 2026/27 payments on account should be reduced under TMA 1970 s 59A(3) to reflect the lower expected interest and lower charge.

Timing Payments-on-account reduction claim may be made at any time up to the balancing date for the year; the SA100 entries follow at filing.

Authority HMRC Savings and Investment Manual SAIM2310

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (1 citation rejected, 0 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 5 · Diarise the 2027/28 round: subscribe each spouse's new £20,000 allowance on or shortly after 6 April 2027 with any remaining non-ISA cash and with future retained dividend cash, so no taxable interest pool is rebuilt outside the...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your £35,000 of joint savings is currently producing around £4,800 of interest a year that is taxed at 40 per cent in your hands, and no part of it sits in a tax-free account.

Your accountant could arrange for each of you to open an individual savings account in your own name and put £17,500 each into them before 5 April 2027, which would take the whole pot out of tax from that point and should save in the region of £1,720 of tax a year, with a further reduction in the child benefit charge because your income figure falls.

In the meantime, holding any savings outside the wrapper in your spouse's name would mean the interest is taxed at his lower rate, and it is worth knowing that these allowances only work year by year, so nothing can be applied back to earlier years.

STRUCTURE E10 · ENGINEERING MODE

EST. COMBINED IMPACT

Trivial benefits, the annual function exemption and a PAYE settlement agreement

£360

Provisions ITEPA 2003, ss 323A, 264, 703-707

Estimated impact £360

Annual tax saved, prospective from 2026/27. Assumes approximately £600 a year of exempt value reaches the client and his household (the close-company director trivial benefits cap, understood to be £300, plus an annual function at up to £150 per head for the client and spouse as guest).

Measured against the alternative of extracting the same value as dividends: dividend income tax at the higher rate of 33.75% on £600 is £202, and the company obtains a corporation tax deduction for the benefit cost at the marginal rate of 26.5% on profits of £118,000, worth £159, total approximately £360 a year. Small trivial gifts to the £28,000 employee are additional but are a staff cost, not an extraction, and are not counted here. No value is carried for 2024/25: nothing can be provided retrospectively. The corporation tax deduction element depends on the deductibility point flagged below and is not supported by any retrieved authority.

Timeline	Set-up in two to three weeks (board minute and recording schedule), then operated across 2026/27; all provision must occur between today and 5 April 2027 for the current year, with the end-of-year reporting step in July 2027.
Feasibility	high
Disclosure	No DOTAS notification: use of two statutory employment income exemptions within their own terms is not a notifiable arrangement under FA 2004, Part 7, P11D / P11D(b) for 2026/27 (due 6 July 2027), exempt items excluded, taxable excess reported, PAYE Settlement Agreement application and Class 1B settlement for 2026/27 only if a non-exempt excess arises (do not include trivial benefits: PSA1090), Corporation tax deduction for staff welfare costs taken in Brightwater Systems Ltd's CT600 for the period ending 31 March 2027, the deductibility authority is not in the retrieved set and must be confirmed
Adviser must validate	(1) The text of ITEPA 2003, s 323A(9), (11) in the current consolidated Act, the retrieved extract stops at subsection (8) and does not state the condition E annual cap figure for close-company directors or how benefits to family and household members aggregate with the director's own; no figure should be relied on until read. (2) ITEPA 2003, s 264 in full, the annual function exemption is not in the retrieved set, so the £150 per-head threshold, the all-or-nothing nature of that threshold, the 'open to all employees' requirement and the treatment of guests must be confirmed from the Act. (3) The PSA application and payment dates in the PAYE Regulations 2003 (SI 2003/2682) for 2026/27. (4) Whether the spouse is or will be an employee or office-holder of Brightwater Systems Ltd, or is being treated only as a member of the director's family or household, the facts state she works part-time earning £18,000 and holds no shares, but do not state that she is employed by or holds office in the company; this determines whether she has her own exempt capacity or draws on the director's cap. (5) Corporation tax deductibility of the gift and function costs for the period to 31 March 2027, which drives roughly £159 of the stated annual figure and has no supporting authority in the retrieved set. (6) That no contractual entitlement to gifts or functions exists in the director's service agreement or the other employee's contract. (7) That gift cards used are not cash vouchers within ITEPA 2003, s 75.

Implementation moves

MOVE 1

• VERIFIED

Confirm and document in the company's records that Brightwater Systems Ltd is a close company (single shareholder/director) and identify every person who is a director, office-holder, or a member of a director's family or household, the client, and the spouse if she is to receive any company-provided benefit. This list fixes who falls inside the extra condition E regime and who (the £28,000 employee) does not.

Timing	First step, before any benefit is provided; complete before the first provision in 2026/27 (i.e. before 5 April 2027 and ideally before the first gift date)
Authority	Income Tax (Earnings and Pensions) Act 2003, s 323A

MOVE 2

• PROCEDURAL · CONFIRMED

Pass a board minute adopting a staff benefits policy for 2026/27 which states expressly that each benefit is provided at the company's discretion, is NOT provided under salary sacrifice, and is NOT provided under any contractual obligation, express or implied, and is not in recognition of particular services. Do not reference the policy in any employment contract or staff handbook entitlement clause.

Timing	Immediately after Move 1 and before the first benefit is provided in 2026/27
Authority	Income Tax (Earnings and Pensions) Act 2003, s 323A

Administrative execution step; governed by the cited procedure or instructions.

MOVE 3

• VERIFIED

Provide benefits in a form that is neither cash nor a cash voucher, for example store or retail gift cards that cannot be exchanged for cash, a meal, flowers, a hamper or a bottle of wine, and cap the cost of EACH separate provision at £50 inclusive of VAT (not £50.01). Where a single provision is made to several people and per-head cost is impracticable to compute, use the average cost per person under the statutory averaging rule.

Timing	Throughout 2026/27, each provision dated and costed as it is made; no retrospective allocation to 2024/25 is possible
Authority	Income Tax (Earnings and Pensions) Act 2003, s 323A

MOVE 4

• VERIFIED

Operate a running schedule for the tax year recording the aggregate benefit cost of all trivial benefits provided to the client as director and to any member of his family or household (including the spouse and the two children) and stop provision once the statutory annual cap for close-company directors is reached, treating benefits provided to family or household members who are not themselves employees as counting against the director's cap.

Timing Maintained continuously through 2026/27 (6 April 2026 to 5 April 2027) and each subsequent year

Authority Income Tax (Earnings and Pensions) Act 2003, s 323A

MOVE 6

• PROCEDURAL · CONFIRMED

Do NOT apply for a PAYE Settlement Agreement covering any item that qualifies as a trivial benefit or as an exempt annual function. Reserve the PSA route solely for genuinely taxable items that are minor, irregular or impracticable to payroll, for example an over-cap director gift or a function costing more than the per-head limit, and apply to HMRC for a PSA for 2026/27 under the PSA regime in the PAYE Regulations 2003 (SI 2003/2682), with the Class 1B settlement paid on the statutory October date following the year end.

Timing Decision taken once the year's benefit schedule is known; PSA application for 2026/27 must be made by the statutory application date following 5 April 2027 (the adviser to confirm the current date, historically 6 July 2027) with payment by 22 October 2027

Authority HMRC Employment Income Manual EIM21861

Administrative execution step; governed by the cited procedure or instructions.

MOVE 7

• PROCEDURAL · CONFIRMED

Complete the 2026/27 end-of-year employment reporting on the basis that exempt trivial benefits and an exempt annual function require no P11D entry and no payrolling, and retain the Move 2 board minute, the Move 3 per-item cost schedule, the Move 4 director cap schedule and the Move 5 function invoice and attendance list as the single evidence file supporting the nil return of these items.

Timing After 5 April 2027, with the 2026/27 P11D/P11D(b) cycle (reporting date 6 July 2027); file retained for the HMRC enquiry and discovery periods

Authority HMRC Employment Income Manual EIM21861

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

1 further step in this sequence could not be independently supported by the citation gate (0 citations rejected, 1 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 5 · Hold an annual staff function (for example a Christmas dinner for the director, the spouse as guest and the £28,000 employee), open to all staff, and keep the total VAT-inclusive cost divided by the total number of attendees...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

Your company currently has no staff benefits arrangement, and there are two long-standing exemptions it is not using: small non-cash gifts of up to £50 each (subject to a yearly cap because you are a director of a close company), and one annual staff event costing no more than £150 a head including guests.

Your accountant could put a short board minute in place making clear these are discretionary rather than contractual, set up a simple schedule recording the cost and date of each gift, and keep the year's spending inside the limits so that nothing needs to go on a benefits return. The amounts are modest, perhaps a few hundred pounds of tax a year, but they are value taken out of the company without income tax or National Insurance, and this is prospective only for the year ending 5 April 2027 onwards.

STRUCTURE E11 · RISK WARNING · NOT AN OPPORTUNITY · EXCLUDED FROM TOTALS

RISK WARNING, hybrid LLP / 'property incorporation' schemes marketed to buy-to-let landlords (HMRC Spotlight 63)

Provisions

TCGA 1992, s 162, FA 2003, Sch 15, ITTOIA 2005, s 272A, FA 2013, Part 5, FA 2004, Part 7

Estimated impact	Not quantified Model-stated exposure figure 18000 set aside: protective value is not tax saved. Protective exposure-defended value, one-time, not tax saved. Composed of promoter and legal fees not incurred (typically £15,000 to £30,000 on a single-property hybrid LLP arrangement; £18,000 taken as a central figure) plus avoidance of the SDLT, capital gains tax and penalty exposure that would follow counteraction. The tax exposure itself cannot be quantified because the facts do not state the Stockport property's market value or outstanding mortgage. Against that, the asserted annual benefit is small: the residential finance cost is £2,300, so the maximum value of escaping the finance-cost restriction is approximately £460 a year at the client's marginal rate. No dollars are carried on any other structure for this item.
Timeline	2 to 6 weeks for the decline-and-document file; 3 to 6 months if an unwind is required, and any unwind affecting the 2024/25 return must be reflected by 31 January 2027 while the amendment window under TMA 1970 s 9ZA remains open.
Feasibility	low
Disclosure	DOTAS scheme reference number (FA 2004 Part 7) to be reported on the SA100 for every year a tax advantage is claimed, if any step has been taken and the arrangements are notifiable, White-space disclosure on the SA100 for any residual uncertain position following an unwind, SDLT return and any further return on an unwind transfer out of a partnership (FA 2003 Sch 15 para 20), General anti-abuse rule exposure: notice of proposed counteraction and accelerated payment notice (FA 2014 s 220; FA 2013 Sch 43D for partnerships)
Adviser must validate	That no LLP has been incorporated, no member agreement signed and no declaration of trust registered over the Stockport title (Land Registry office copy and Companies House search); the property's current market value and outstanding mortgage balance, neither of which is in the facts; the actual level and character of management activity on the let, recorded contemporaneously, for the Ramsay analysis; the current-year residential finance cost figure, the £2,300 being the 2024/25 SA105 box 44 amount; and, if any step has been taken, the DOTAS analysis from FA 2004 Part 7 itself, which is not among the retrieved authorities.

Implementation moves

MOVE 1

• ADVISER TO CONFIRM

Before any engagement with a promoter, test the Stockport let against the 'business' threshold in TCGA 1992 s 162(1)(a): record in the file that one residential let producing rents of £15,600 with £4,100 of expenses, managed in the ordinary way, is property investment and not a business carried on as a going concern, so no incorporation relief would be available on a transfer of that property to an LLP or company.

Timing First move, complete before any LLP is formed, any member agreement signed or any fee paid; this conclusion governs every later move.

Authority [2013] UKUT 226 (TCC) Elisabeth Moyne Ramsay v HMRC:

MOVE 2

• VERIFIED

Record that even if a business were conceded, the s 162 claim mechanics could not be satisfied on the promoter's model: s 162 requires a transfer of the whole assets of the business to a company wholly or partly in exchange for shares issued to the transferor, and a contribution of property to an LLP in which a company is a member is not a transfer to a company in exchange for shares issued to the transferor.

Timing Immediately after Move 1; both limbs must be on file before any response is sent to a promoter.

Authority Taxation of Chargeable Gains Act 1992, s 162

MOVE 3

• VERIFIED

Run the paragraph 12 'sum of the lower proportions' arithmetic on the promoter's proposed structure before accepting any assertion that stamp duty land tax partnership relief removes the charge, and record that a corporate member is not an individual connected with the relevant owner for Step Two purposes.

Timing Before any transfer of the chargeable interest; SDLT is charged by reference to the effective date of the transaction, so the analysis must precede completion.

Authority Finance Act 2003, Sch 15 para 27A

MOVE 5

• PROCEDURAL · CONFIRMED

Issue a formal decline letter refusing to act on, sign or report any hybrid LLP property-incorporation arrangement, naming HMRC Spotlight 63 and reserving the right to resign if the client proceeds through another adviser.

Timing Within 14 days of the scheme being put to the client; before the current planning year ends on 5 April 2027.

Authority Finance Act 2013, Sch 43D para 6

Administrative execution step; governed by the cited procedure or instructions.

MOVE 6

• PROCEDURAL · CONFIRMED

Establish by written enquiry and by review of HM Land Registry title and Companies House filings whether ANY step has already been taken, LLP incorporation, member agreement, declaration of trust over the Stockport title, a transfer of beneficial interest, and if so instruct solicitors to unwind it to the pre-scheme position.

Timing Immediately, and in any event before the 2026/27 SA100 is prepared (filing due 31 January 2028); if a step was taken in 2024/25 the taxpayer amendment window for that return closes 31 January 2027.

Authority Finance Act 2003, Sch 15 para 20

Administrative execution step; governed by the cited procedure or instructions.

MOVE 8

• PROCEDURAL · CONFIRMED

If an unwind leaves any residual uncertain position on a return, prepare a white-space disclosure on the relevant SA100 setting out the arrangement, the dates, the amounts and the basis on which the return has been prepared, so that the ordinary four-year discovery limit applies rather than the careless or deliberate extensions.

Timing At the point the next return is prepared; for 2024/25 the amendment window under TMA 1970 s 9ZA is open through 31 January 2027, after which only an overpayment relief claim (TMA 1970 Sch 1AB) to 5 April 2029 remains.

Authority Finance Act 2020, Sch 14 para 9

Administrative execution step; governed by the cited procedure or instructions.

NOT INDEPENDENTLY SUPPORTED

2 further steps in this sequence could not be independently supported by the citation gate (1 citation rejected, 1 with no authority retrieved). Listed for sequence completeness only; the adviser sources the governing authority before executing any of them.

Move 4 · Confirm in writing to the client that the residential finance-cost restriction continues to apply to the Stockport let for 2026/27 and later years, and that the maximum annual benefit the scheme could possibly deliver on these...

Move 7 · If any step has been taken, obtain from the promoter the scheme reference number and the DOTAS position in writing, and assess independently whether the arrangements are notifiable under FA 2004 Part 7, so that any required...

IN PLAIN LANGUAGE · FOR THE CLIENT, ROUTED THROUGH YOU

You may be approached by a promoter offering to move your Stockport rental into a limited liability partnership with your company as a member, promising no capital gains tax, no stamp duty and full tax relief on your mortgage interest. HMRC has published its view that these arrangements do not work on facts like yours, and on your own numbers the most the structure could ever be worth is a few hundred pounds a year against fees running into tens of thousands.

Your accountant can put the refusal in writing, check the Land Registry title to confirm no step has been taken, and keep the file in order should HMRC ever ask.

Cross-Structure Interactions

Conflicts and synergies across the engineering structures identified above.

Conflicts

Company-funded pension contribution in substitution for dividends × Issue full-rights ordinary shares to the spouse

• REDUCES

Both structures cut the client's adjusted net income below the HICBC and 60% zone, so the second yields little extra.

Resolution Size the pension to clear the HICBC threshold first, then issue spouse shares only to the extent of her remaining basic-rate band.

Issue full-rights ordinary shares to the spouse × Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee

• COMPLICATES

The spouse's BADR two-year 5% and officer/employee tests run only from the share issue and an appointment.

Resolution Issue at least 5% of full-rights ordinary shares and appoint her as an officer or employee at least two years before any exit.

Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee × Company-funded pension contribution in substitution for dividends

• COMPLICATES

Large cash or non-trading assets retained in the company can dilute BPR and the trading test; pension payments reduce that cash.

Resolution Pay the employer pension from surplus cash annually so the balance sheet stays trading-weighted before exit.

Employment allowance claim at the company × Electric company car through the company (and salary sacrifice)

• REDUCES

Sacrificing salary for the car reduces the pay used to calibrate salary to the employment allowance headroom.

Resolution Set the director's salary above the secondary threshold after the sacrifice, not before it.

Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust × Issue full-rights ordinary shares to the spouse

• REDUCES

Rental profit and dividends both compete for the same unused basic-rate band of the spouse.

Resolution Model the spouse's band once; allocate it to the rental interest first, then cap the spouse dividend to the residue.

Bed-and-ISA the joint savings and re-site the remainder with the lower-rate spouse × Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust

• REDUCES

Re-sited interest plus rental profit can push the spouse past basic rate, shrinking her savings allowance.

Resolution Shelter cash in both ISAs first so residual interest is small, then test the spouse's band after the rent transfer.

Directors' loan account: clear the balance before the next nine-month date × Company-funded pension contribution in substitution for dividends

• COMPLICATES

Clearing the loan by dividend reinstates dividend income the pension structure was designed to suppress.

Resolution Clear the loan in cash from personal funds or ISA-adjacent savings rather than by a fresh dividend.

Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee × Directors' loan account: clear the balance before the next nine-month date

• COMPLICATES

An outstanding participator loan at a winding-up complicates distributions and the s 396B analysis.

Resolution Keep the loan account at nil well before any liquidation or share sale negotiation begins.

RISK WARNING, hybrid LLP / 'property incorporation' schemes (HMRC Spotlight 63) × Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust

• BLOCKS

The marketed hybrid LLP route is challenged by HMRC and would displace the straightforward interspousal transfer.

Resolution Decline the hybrid LLP; use the declaration of trust, which needs no promoter and no DOTAS reference.

Enterprise Investment Scheme: 30% income tax relief, CGT deferral and exemption × Company-funded pension contribution in substitution for dividends

• REDUCES

EIS is a tax reducer capped by the liability remaining after pension and spouse-share restructuring.

Resolution Treat EIS as a later-stage tool sized to the residual liability, or reserve it for the exit-year gain.

Issue full-rights ordinary shares to the spouse × Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust

• COMPLICATES

Stripped income rights or waivers would engage ITTOIA 2005 s 624 and extraction could attract ITA 2007 ss 682-713.

Resolution Use outright full-rights gifts, no waivers, and document commercial purpose for each step.

Synergies

Company-funded pension contribution in substitution for dividends + Employment allowance claim at the company

Employer pension plus allowance headroom lets salary rise without secondary Class 1 while profits fall before the 25% marginal band.

Additional value unquantified, directional only

Bed-and-ISA the joint savings and re-site the remainder with the lower-rate spouse + Company-funded pension contribution in substitution for dividends

Removing taxable interest and dividends together drops adjusted net income out of the HICBC and personal allowance taper.

Additional value unquantified, directional only

Issue full-rights ordinary shares to the spouse + Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee

The same full-rights share issue serves annual dividend splitting and a second BADR lifetime limit at exit.

Additional value unquantified, directional only

Electric company car through the company (and salary sacrifice) + Trivial benefits, the annual function exemption and a PAYE settlement agreement

Low-rate EV benefit plus exempt trivial benefits extract value with no Class 1A on the exempt items.

Additional value **unquantified, directional only**

Directors' loan account: clear the balance before the next nine-month date + Trivial benefits, the annual function exemption and a PAYE settlement agreement

Routing small personal costs through exempt benefits stops the loan account rebuilding past the beneficial-loan limit.

Additional value **unquantified, directional only**

Sequencing recommendation

Immediately: confirm and claim the employment allowance for the company's current year and any open earlier years, and clear the directors' loan in cash ahead of the relevant nine-month date so later liquidation or sale hygiene is clean.

Before 5 April 2027: use both 2026/27 ISA allowances on the joint savings and gift the residual cash outright to the spouse; execute the declaration of trust over the Stockport let (checking lender consent and that consideration stays under the SDLT notification threshold); then fix the employer pension contribution for the accounting period, paid not accrued, sized with carry-forward from 2023/24 onward to bring adjusted net income under the HICBC threshold and out of the taper.

Only once the spouse's band is modelled net of rent and interest should the full-rights share issue be made and the spouse dividend set to the residue; make the issue at least 5% with an officer or employee appointment if the second BADR limit is wanted, and start the EMI grant now because BADR on EMI shares needs the option granted two years before disposal. Keep EIS in reserve for the exit year. Decline the hybrid LLP route entirely.

Overall recommendation

Prioritise the employment allowance, the loan clearance, the ISAs and the employer pension: they are low-risk, inside open windows, and jointly remove the HICBC and 60% taper exposure. Sequence the spouse share issue and the EMI grant next because their two-year clocks start only on execution and they carry the settlements and TiS documentation burden.

Playbook Coverage: Every Strategy Checked

56 cataloged strategies were in scope for this client profile; each was explicitly dispositioned

How to read the dispositions

- COVERED Substantively covered by a structure already presented in Section 2.
- APPLICABLE NOW Current facts already satisfy the predicates; analyzed and priced as its own structure in Section 2.
- ENGINEERABLE The qualifying facts could realistically be created (an election, a restructuring, timing); appears in Section 2 with its implementation path.
- NEEDS FACTS The return package does not contain what is needed to decide; listed so the adviser can close the gap with one client question.
- NOT APPLICABLE The client's facts rule it out; shown so the exclusion is a decision, not an oversight.
- WARNING A structure on the HMRC listed / notifiable-transaction and enforcement roster. Never recommended — flagged so the adviser can act if the client already holds it or is being pitched it.

ENGINEERABLE

Trivial benefits, the annual function exemption and a PAYE settlement agreement

the company has no stated staff benefit programme and could adopt trivial benefits and the annual function exemption prospectively for 2026/27.

ENGINEERABLE

Electric company car through the company (and salary sacrifice)

Brightwater Systems Ltd has no company car reported and could acquire a zero-emission vehicle for the director going forward at a 3% 2025/26 benefit rate, a realistic prospective restructuring.

ENGINEERABLE

Enterprise Investment Scheme: 30% income tax relief, CGT deferral and exemption, with the carry-back

Client is a higher-rate taxpayer with HICBC exposure and no current EIS holdings, so a fresh 2026/27 EIS subscription (with possible carry-back) could be engineered though none exists on the return.

COVERED

Fill the ISA, Lifetime ISA and Junior ISA allowances every year (bed-and-ISA to move taxable holdings inside)

Covered by: Bed-and-ISA the £35,000 joint savings and re-site the remainder with the lower-rate spouse. the planned bed-and-ISA move already fills the couple's annual ISA subscriptions from the joint savings account.

COVERED	Salary, dividend and pension mix for the owner-director Covered by: Issue full-rights ordinary shares to the spouse (Arctic Systems) to move dividends into her unused basic-rate band. the spousal share issuance already restructures the dividend split and the employer pension plan already addresses salary/dividend substitution.
COVERED	Employer pension contribution in place of salary or dividend Covered by: Company-funded pension contribution in substitution for dividends (with three years' carry-forward). this is the same structure already planned to replace taxable dividends with deductible employer pension contributions.
COVERED	Transfer part of an asset to the spouse before sale to use two annual exempt amounts and lower rate bands Covered by: Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee, and the clock that must start now. the pre-exit architecture already contemplates giving the spouse shares to secure a second BADR/annual exempt amount ahead of any eventual disposal.
COVERED	Residential landlord: maximise the finance cost tax reduction, carry forward the unused amount and split income with Form 17 Covered by: Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust. the planned declaration of trust and Form 17 election already re-sites the rental profit and finance cost reduction with the lower-earning spouse.
COVERED	Use the 0% starting rate for savings and the personal savings allowance by positioning interest income between spouses Covered by: Bed-and-ISA the £35,000 joint savings and re-site the remainder with the lower-rate spouse. re-siting the non-ISA remainder of the joint savings with the spouse already uses her starting rate band and personal savings allowance.
COVERED	Salary sacrifice into pension: employee and employer NIC saved on the sacrificed pay Covered by: Company-funded pension contribution in substitution for dividends (with three years' carry-forward). the director's remuneration is dividend-based with a £12,570 salary already at the no-NIC level, so the NIC saving is captured through direct employer contributions rather than salary sacrifice.
COVERED	High Income Child Benefit Charge: bring adjusted net income under £60,000 (or below £80,000) with pension and Gift Aid Covered by: Company-funded pension contribution in substitution for dividends (with three years' carry-forward). this structure is expressly framed as the HICBC killer, reducing adjusted net income below £60,000 via employer pension contributions.
COVERED	Directors' loan account: avoid or recover the s 455 charge Covered by: Directors' loan account: clear the £8,500 before the next nine-month date, recover s 455 tax already charged under s 458, and keep the balance under £10,000. the overdrawn £8,500 loan is already the subject of the planned s455/s458 management strategy.

COVERED	Pension contributions using carry-forward of three years' unused annual allowance Covered by: Company-funded pension contribution in substitution for dividends (with three years' carry-forward). the planned structure explicitly uses three years' unused annual allowance carry-forward for the employer contribution.
COVERED	Employment allowance against employer NIC Covered by: Employment allowance claim at the company, current year plus four open earlier years, and recalibration of the director's salary to the allowance headroom. The company's employer NIC saving is already carried under the planned employment allowance structure.
COVERED	Use both spouses' dividend allowances and basic-rate bands through outright share gifts (within the settlements legislation) Covered by: Issue full-rights ordinary shares to the spouse (Arctic Systems) to move dividends into her unused basic-rate band. This strategy is the same spousal share-issue/dividend-allowance arbitrage already planned for Brightwater Systems Ltd.
COVERED	Close company traps: benefits to participators, loan write-offs and distributions in kind Covered by: Directors' loan account: clear the £8,500 before the next nine-month date, recover s 455 tax already charged under s 458, and keep the balance under £10,000. The only close-company participator issue in the facts is the £8,500 overdrawn DLA, already addressed by the planned s 455/458 structure.
COVERED	Business asset disposal relief: secure the two-year conditions and time the disposal against the rate steps Covered by: Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee, and the clock that must start now. BADR qualifying conditions, timing against the rate steps, and the spouse's second lifetime limit are already covered by the planned pre-exit architecture.
COVERED	Incorporate a rental property business (with the partnership SDLT relief caution) Covered by: RISK WARNING, hybrid LLP / 'property incorporation' schemes marketed to buy-to-let landlords (HMRC Spotlight 63). The single Stockport buy-to-let's incorporation route is already addressed, and flagged as a risk, under the planned Spotlight 63 warning.
NEEDS FACTS	Employee claims and exemptions: travel and subsistence, professional fees, home working, flat-rate expenses and exempt benefits the facts show no P11D, no benefits in kind and no detail on travel, subscriptions or home-working costs borne personally by the director.
NEEDS FACTS	Lifetime gifts as potentially exempt transfers: the seven-year clock and taper No estate value, age, health or surplus capital is stated to assess potentially exempt transfer planning.
NEEDS FACTS	Normal expenditure out of income: immediately exempt regular gifts No income surplus over expenditure or retirement/pension income position is stated to support normal-expenditure-out-of-income planning.

NEEDS FACTS	Annual, small-gift, marriage and family-maintenance exemptions every year No estate value or confirmation the estate exceeds the nil-rate bands is given, so IHT annual exemption planning cannot be assessed.
NEEDS FACTS	VAT registration timing, the flat-rate scheme and cash accounting The company's VAT registration status, scheme choice and accounting method are not stated despite turnover of £310,000 exceeding the registration threshold.
NEEDS FACTS	Reduce payments on account where the next year's liability will fall, and manage student loan repayments through the return The facts show no student loan deduction and give no indication 2025/26 income will fall below 2024/25's, so the predicate for reducing payments on account cannot be confirmed.
NEEDS FACTS	Capital allowances: annual investment allowance and full expensing timed to the period No planned capital expenditure by Brightwater Systems Ltd is stated, and the period to 31 March 2025 CT600 window is already closed.
NEEDS FACTS	Research and development: merged expenditure credit, claim notification and the two-year limit Facts do not describe Brightwater's development projects, staff technical uncertainty or any R&D claim history needed to assess eligibility.
NEEDS FACTS	Unused pensions and death benefits inside the estate from 6 April 2027: nominations, order of drawdown and exempt beneficiaries Client's age and pension fund size are not stated, so whether the 2027 pension-IHT change is material cannot be assessed.
NEEDS FACTS	Business and agricultural property relief under the 6 April 2026 £1,000,000 cap: sequence gifts, trusts and instalments The facts give the company's turnover and taxable profits but not a share valuation, so whether Brightwater Systems' value exceeds the forthcoming £1,000,000 BPR cap cannot be determined.
WARNING	RISK WARNING, hybrid LLP and 'property incorporation' schemes sold to landlords (HMRC Spotlight 63): no incorporation relief, no SDLT relief, finance-cost restriction still applies Listed/enforcement-target structure, surfaced as risk warning only, never recommended.
WARNING	RISK WARNING, directors' loan account 'bed and breakfasting': repaying a participator loan and redrawing it to avoid s 455 tax Listed/enforcement-target structure, surfaced as risk warning only, never recommended.
WARNING	RISK WARNING: settlor-interested and parental settlements, income taxed on the settlor, holdover denied Listed/enforcement-target structure, surfaced as risk warning only, never recommended.

NOT APPLICABLE	Claim the unclaimed higher, additional and Scottish rate relief on relief-at-source pension contributions (four years back) Facts state no personal or employer pension contributions were made in 2024/25, so there is no relief-at-source claim to recover.
NOT APPLICABLE	Harvest gains against the annual exempt amount each year and bank losses before 5 April No SA108 and no investment portfolio or realised/unrealised gains are stated; the £35,000 is a cash savings account, not a chargeable asset.
NOT APPLICABLE	Corporation tax rate: marginal relief and the associated-company count Company profits of £118,000 already fall within the marginal relief band and the facts confirm no associated companies, so the computation is already correct.
NOT APPLICABLE	Marriage Allowance: transfer 10% of the personal allowance to a basic-rate spouse, backdated four years The client is a higher-rate taxpayer on £74,000 taxable income, so he cannot be the recipient of Marriage Allowance and the spouse cannot transfer to him.
NOT APPLICABLE	Bare trust for grandchildren: the child's own allowances and the grandparent's PET The two children under 16 are the client's own minor children, not grandchildren, and no grandparent or settlor other than the client is in the facts, so s 629 anti-avoidance would apply to any such trust.
NOT APPLICABLE	Non-resident landlord: approval to receive rent gross and the s 811 limit The client is UK resident throughout 2024/25, so the Non-resident Landlord Scheme does not apply to the Stockport let.
NOT APPLICABLE	Gift Aid: claim the higher-rate relief and use the carry-back election to the earlier year No charitable giving is shown in the facts and the 2024/25 carry-back election window closed 31 January 2026 (Cameron v HMRC; cannot be made by amendment).
NOT APPLICABLE	Claim capital losses within four years and negligible value claims backdated two years No SA108, disposals, or failed investments are shown in the facts, so there is no loss to claim.
NOT APPLICABLE	SDLT: higher-rate refund on replacing the main residence, first-time buyer relief, non-resident surcharge refund and partnership relief The facts show only an existing Stockport buy-to-let with no purchase, replacement of main residence, or partnership transfer event.
NOT APPLICABLE	Sole trader: choose the cash or accruals basis, claim the AIA, the trading allowance and the right loss relief The client operates through Brightwater Systems Ltd as a director with no sole-trade (SA103) income shown.

NOT APPLICABLE	Trading losses: carry-back, group relief and the deductions allowance Brightwater Systems Ltd shows taxable profits of £118,000 with no loss, no group, and no cessation.
NOT APPLICABLE	Share loss relief: set a loss on unquoted trading-company shares against income (up to 45%) rather than capital gains No failed, EIS/SEIS, or unquoted trading-company share subscription or loss is shown anywhere in the facts.
NOT APPLICABLE	Corporate interest restriction and transfer pricing: use the de minimis and SME exemptions Brightwater Systems Ltd is a single, non-grouped SME with £118,000 profits and no stated interest expense approaching the £2,000,000 de minimis.
NOT APPLICABLE	Statutory residence test: manage days, ties and work to fix residence status Facts show a UK-resident director with no move abroad, retirement overseas, or disposal tied to a relocation.
NOT APPLICABLE	Temporary non-residence: the five-year rule on gains, dividends and pension lump sums No facts indicate the client has left or plans to leave the UK, so the five-year temporary non-residence rule has no event to attach to.
NOT APPLICABLE	Avoid triggering the £10,000 money purchase annual allowance before pension saving is complete Client has no pension contributions, no pension income and no stated drawdown activity, so there is no money purchase annual allowance to trigger or protect.
NOT APPLICABLE	Give quoted shares or land to charity: full income tax deduction plus no capital gains tax Facts show no listed shareholdings, charitable gifts or land the client intends to donate.
NOT APPLICABLE	Basis period reform: spread the 2023/24 transition profits over five years, or accelerate them into low-income years Client is a company director and landlord, not a sole trader or partner subject to the basis period reform transition profit.
NOT APPLICABLE	Change or shorten the accounting period to time rates, losses and allowances The company's period to 31 March 2025 is already filed and closed, and no loss, rate-change straddle or sale date is stated to justify shortening a future period.
NOT APPLICABLE	Spouse exemption, the limit for a non-long-term-resident spouse and the s 267ZA election No facts suggest the spouse is non-UK resident or that a will or death event is in play.
NOT APPLICABLE	Split-year treatment in the year of arrival or departure No arrival or departure from the UK during 2024/25 is stated; client was UK resident throughout.

NOT APPLICABLE	Hold-over relief on gifts of business assets (s 165) and on transfers into or out of trust (s 260) No gift of business assets, shares or property into trust is contemplated; children are under 16 and the planned spouse-share issue is a new subscription, not a gift, so s 165/s 260 has no transaction to attach to.
NOT APPLICABLE	Seed Enterprise Investment Scheme: 50% income tax relief and 50% CGT reinvestment relief Brightwater Systems is an established trading consultancy with £310,000 turnover, not a company in its first three years, and there is no seed-stage investment or same-year capital gain stated.
NOT APPLICABLE	Demerge a trade or property before a sale: statutory, liquidation or capital reduction Facts show a single software consultancy trade with no second trade, no property held inside the company and no buyer in prospect, so there is nothing to demerge.
NOT APPLICABLE	Family investment company for succession and investment The client's investable capital (£35,000 joint savings) is far below the £1,000,000+ threshold this structure needs and no business-sale proceeds are stated as awaiting reinvestment.

This table is generated by a deterministic coverage sweep: every strategy in the engine’s validated playbook that matches this client’s profile MUST receive a disposition before the run can complete. A cataloged strategy cannot be silently omitted.

What was retrieved, relied on and withheld

Produced by the system at generation time for the firm's file. The reviewing professional validates every item before reliance.

Generated	October 14, 2026 at 1:43 AM UTC
Law index vintage	Primary and official authority as indexed through October 13, 2026
Method	For each candidate issue: retrieve primary authority from the closed index, ground the position in the retrieved text, check every citation against the source, grade it, and show the fact-to-law chain and the computation.
Review findings	10 examined · 7 verified · 0 for the adviser to confirm · 3 set aside on the facts · 0 withheld or citation rejected
Authorities retrieved	60 passages offered to the grounding step across the findings · 56 distinct authorities relied on
Engineering moves	68 verified · 22 for the adviser to confirm or withheld · 11 structures

Authorities relied on, by weight

- Income Tax (Trading and Other Income) Act 2005, s 626
Statute
· 7 items
- Finance Act 2004, s 196
Statute
· 5 items
- Corporation Tax Act 2010, s 455
Statute
· 4 items
- Income Tax (Earnings and Pensions) Act 2003, s 323A
Statute
· 4 items

-
- 5 **Income Tax Act 2007, s 836**
Statute
· 4 items
-
- 6 **Income Tax Act 2007, s 202**
Statute
· 3 items
-
- 7 **National Insurance Contributions Act 2014, s 2**
Statute
· 3 items
-
- 8 **Finance Act 2004, s 228A**
Statute
· 2 items
-
- 9 **gov.uk: Employment Allowance, When to claim**
HMRC guidance page
· 2 items
-
- 10 **HMRC Employment Income Manual EIM21861**
HMRC manual
· 2 items
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- 11 **HMRC PAYE Manual PAYE56010**
HMRC manual
· 2 items
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- 12 **Income Tax (Earnings and Pensions) Act 2003, s 121**
Statute
· 2 items
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- 13 **Income Tax (Earnings and Pensions) Act 2003, s 681C**
Statute
· 2 items
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- 14 **Income Tax Act 2007, s 158**
Statute
· 2 items
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15 **National Insurance Contributions Act 2014, s 1**

Statute

· 2 items

16 **[2014] UKUT 95 (TCC) HMRC v Apollo Fuels Limited and Others Brian Edwards and Others: a**

Upper Tribunal decision

17 **Capital Allowances Act 2001, s 39**

Statute

18 **Capital Allowances Act 2001, s 45D**

Statute

19 **Capital Allowances Act 2001, s 45EA**

Statute

20 **Corporation Tax Act 2010, s 458**

Statute

21 **Finance Act 2003, Sch 15 para 20**

Statute

22 **Finance Act 2003, Sch 15 para 27A**

Statute

23 **Finance Act 2003, Sch 4ZA para 1**

Statute

24 **Finance Act 2004, s 188**

Statute

25 **Finance Act 2004, s 228**

Statute

26 **Finance Act 2012, Sch 7 para 30**

Statute

27 **Finance Act 2013, Sch 43D para 6**

Statute

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- 28 **Finance Act 2020, Sch 14 para 9**
Statute
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- 29 **HMRC Business Income Manual BIM46035**
HMRC manual
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- 30 **HMRC Company Taxation Manual CTM61505**
HMRC manual
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- 31 **HMRC National Insurance Manual NIM06545**
HMRC manual
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- 32 **HMRC PAYE Manual PAYE14015**
HMRC manual
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- 33 **HMRC Savings and Investment Manual SAIM2310**
HMRC manual
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- 34 **HMRC Savings and Investment Manual SAIM2420**
HMRC manual
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- 35 **HMRC Trusts, Settlements and Estates Manual TSEM4205**
HMRC manual
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- 36 **Income Tax (Earnings and Pensions) Act 2003, s 175**
Statute
-
- 37 **Income Tax (Earnings and Pensions) Act 2003, s 180**
Statute
-
- 38 **Income Tax (Earnings and Pensions) Act 2003, s 681B**
Statute
-
- 39 **Income Tax (Earnings and Pensions) Act 2003, Sch 5 para 1**
Statute
-
- 40 **Income Tax (Trading and Other Income) Act 2005, s 274A**
Statute
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- 41 Income Tax (Trading and Other Income) Act 2005, s 371
Statute
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- 42 Income Tax (Trading and Other Income) Act 2005, s 396B
Statute
-
- 43 Income Tax (Trading and Other Income) Act 2005, s 624
Statute
-
- 44 Income Tax (Trading and Other Income) Act 2005, s 694
Statute
-
- 45 Income Tax Act 2007, s 157
Statute
-
- 46 Income Tax Act 2007, s 16
Statute
-
- 47 Income Tax Act 2007, s 58
Statute
-
- 48 Income Tax Act 2007, s 701
Statute
-
- 49 Income Tax Act 2007, s 8
Statute
-
- 50 Social Security Contributions and Benefits Act 1992, s 10
Statute
-
- 51 Taxation of Chargeable Gains Act 1992, s 138
Statute
-
- 52 Taxation of Chargeable Gains Act 1992, s 150A
Statute
-
- 53 Taxation of Chargeable Gains Act 1992, s 162
Statute
-

54 Taxation of Chargeable Gains Act 1992, s 169I
Statute

55 Taxation of Chargeable Gains Act 1992, s 169S
Statute

56 Taxation of Chargeable Gains Act 1992, s 58
Statute

SECTION 3

Combined Impact Summary

Totals are recomputed from the surviving items at render time.

Review Mode: missed reliefs and allowances	£2,469
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Engineering Mode: proactive structures	£124,600
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Total estimated opportunity (non-additive; see note)	£124,600
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Totals note: Review Mode and Engineering Mode overlap (engineering structures typically include capturing the review-mode misses); the combined estimate equals the Engineering total only, the two sections are not additive.

Important disclaimer

All figures are estimates for adviser review and validation. Actual results depend on client-specific facts, elections made, implementation timing, and independent verification of each cited authority. No representation is made as to the accuracy of estimated dollar amounts. Each citation must be independently confirmed by the reviewing adviser before presentation to clients. This document does not constitute tax advice.

Review Mode breakdown

R1	Employment allowance not claimed by the company	£2,269
R2	Beneficial ownership of the joint savings account, interest reported wholly by the client	£200
R3	Employer pension contribution from Brightwater Systems Ltd instead of personal contribution	n/a
R4	High Income Child Benefit Charge, taper band and the possibility of reducing adjusted net income	n/a
R5	Share transfer to the spouse to use her basic-rate band on dividends	n/a

Engineering Mode breakdown

E1	Pre-exit architecture: a second business asset disposal relief lifetime limit for the spouse, EMI options for the key employee, and the clock that must start now	£60,000
E2	Company-funded pension contribution in substitution for dividends (with three years' carry-forward), the HICBC and 33.75% dividend band killer	£18,805
E3	Enterprise Investment Scheme: 30% income tax relief, CGT deferral and exemption, with the carry-back	£15,000
E4	Electric company car through the company (and salary sacrifice)	£11,925
E5	Issue full-rights ordinary shares to the spouse (Arctic Systems) to move dividends into her unused basic-rate band	£8,250
E6	Employment allowance claim at the company, current year plus four open earlier years, and recalibration of the director's salary to the allowance headroom	£3,371
E7	Directors' loan account: clear the £8,500 before the next nine-month date, recover s 455 tax already charged under s 458, and keep the balance under £10,000	£2,869
E8	Transfer the beneficial interest in the Stockport let to the spouse by declaration of trust, rate arbitrage plus release of basic-rate band for dividends	£2,300
E9	Bed-and-ISA the £35,000 joint savings and re-site the remainder with the lower-rate spouse	£1,720
E10	Trivial benefits, the annual function exemption and a PAYE settlement agreement	£360
E11	RISK WARNING, hybrid LLP / 'property incorporation' schemes marketed to buy-to-let landlords (HMRC Spotlight 63)	n/a