



# Foster Carer Tax

[www.fosteringtax.co.uk](http://www.fosteringtax.co.uk)

Spring 2014

You may have noticed that we have recently rebranded. With this re-branding exercise, we have decided to create a new website, [www.fosteringtax.co.uk](http://www.fosteringtax.co.uk) and twitter feed @fosteringtax. We are constantly looking at ways to expand our services to Foster Carers and feel that our new website, devoted solely to carers, is an excellent development. Please feel free to pass on our details to all your friends.

## About

*This newsletter is produced for Foster Carers, Fostering Agencies, Local Authorities and those working in the fostering sector. It brings together a number of important issues, advice and news that Williams Giles think will be of interest or use to our clients. We would be happy to receive any feedback; please email any comments to us.*

## Join our Forum

Have your say! Do you have any queries concerning your tax and national insurance? Do you want to share your stories and have discussions with other likeminded carers? If so, join our forum [www.fosteringtax.co.uk/forum/](http://www.fosteringtax.co.uk/forum/)



## Why Williams Giles?

We are totally independent fostering sector specialists who have provided tax advice to carers for over 25 years. Being independent means that your personal and financial information required for your Tax Return will not be shared or made available to anyone else including your agency unless you ask us to do so.

We have built up considerable expertise in dealing with Agencies, Local Authorities and Foster Carers and are therefore fully aware of the unique tax treatment that is available to carers.

We have established professional connections in both Financial Services and Legal fields that specialise in the Care Industry.

All Foster Carer Clients have a specialist Carer Tax Manager to look after them and all our staff have many years experience of dealing with Carers.

## Staying Put

No doubt many of you paid close attention to all the recent press concerning staying put arrangements. The good news is that in February an amendment was made to the Children and Families Bill which places a legal duty on local authorities in England to provide staying put arrangements. This means a young person can leave care at 18 but continue to live with foster parents up to the age of 21. Whilst additional funding has been allocated, we expect that foster carers will need to work closely with local authorities to obtain the funding they deserve and need. The current tax regime for foster and shared lives carers will apply to any monies received under the staying put arrangement.

## Budget

Regrettably the recent Budget did not bring any changes for foster carers. The current regime has been in place since 2003 and has remained static since. The ever growing cost of living over the past 10 years has resulted in local authorities and independent fostering agencies increasing their fees which in turn has resulted in more and more carers being required to pay tax.

## New ISAs

ISAs continue to be a tax efficient way of saving. From 1 July 2014 ISAs will become New ISAs, NISAs, and the annual subscription limit will be £15,000 which can be either cash, stocks or shares.

## Tax & National Insurance Rates and Allowances

Changes to allowances and rates from 6 April 2014:

The basic personal allowance will increase from £9,440 to £10,000. Higher personal allowances may apply to individuals born before 6 April 1948.

Taxable income in excess of your personal allowance up to £31,865 will be taxed at 20% from 6 April 2014. Higher tax rates will then be applied to taxable income above £31,865.

Class 2 National Insurance contributions for the self employed, will increase from £2.70 to £2.75 per week.



## Benefits System

The benefits system is *still* changing. Universal Credit is currently being piloted in 10 areas of the country dealing with only the simplest of cases. The government have acknowledged that the 2017 deadline will not be met, however they have provided no timescale as to when they expect the transfer onto Universal Credit to be complete.

## Additional Properties

Do you own additional properties that were once your main home? If so, the Autumn Statement and subsequent Finance Act 2014 may affect the capital gains tax you will pay if you decide to sell them. The previous legislation allowed principle private residence (i.e. your main home) relief for the last 3 years of ownership, but with effect from 6 April 2014 this will be reduced to 18 months.

## Gift Aid

We have found that some of our clients have had a tax liability arise due to the fact that they have made charitable donations under the gift aid scheme. The gift aid scheme works by adding basic rate tax to the donations made. If you do not have any tax liability but have gift aided a donation, you will have to pay the equivalent amount of tax that has been paid to the charity. If you are not a taxpayer you may prefer to make charitable donations without gift aid, alternatively if your partner is a taxpayer, they could make the donation in their name.



## Important dates

- 30 June 2014 Information needs to be received by us to guarantee completion of your tax calculations prior to the tax credits deadline. We also need to be told you are in the tax credits system to ensure it is completed on time.
- 31 July 2014 Tax credits deadline – you need to have informed the tax credits office of your actual or estimated income by this date in order to remain in the tax credits system.  
2<sup>nd</sup> tax payment on account for 2013/14 needs to be paid.
- 5 December 2014 Tax Return information needs to be received by us in order for us to guarantee completion before January deadline.
- 31 January 2015 Filing deadline for Self Assessment Tax Returns for the year ended 5 April 2014.  
Tax payments for the year ended 5 April 2014 are due.  
1<sup>st</sup> tax payment on account for 2014/15 need to be paid.

## Meet The Team



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## Do you need help with your tax affairs?

At Williams Giles we offer a fixed fee Tax Return service for Foster Carers and all carers are allocated their own tax consultant to look after them.

For more information please see our contact details below.



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