

## **AVC**

Abbreviation for additional voluntary contribution.

## Abroad

UK tax law covers England, Wales, Scotland and Northern Ireland, but not the Channel Islands, Isle of Man or Eire. Note that if you're resident or domiciled in the UK you may have to pay UK tax even on income or gains from abroad.

### **Accounting period**

Most businesses work out their profits once a year, usually to the same date each year. If, for instance, you work out your profits to 30 September each year, the year from 1 October to 30 September is your accounting period.

## **Acquisition**

For capital gains tax purposes, the date of acquisition is when you first take ownership of something, however you come to own it.

### **Additional personal allowance**

Briefly, an allowance you qualify for if you have a 'qualifying child' living with you and **either** you are not married or living with your spouse, **or** you are a married man whose wife is "totally incapacitated".

**Additional voluntary contribution (AVC)**

Extra contributions you choose to make to boost your pension and other benefits from a particular employer's pension scheme.

### **Age-related allowances**

The higher personal and married couple's allowance you may be entitled to if you (or your spouse, for the married couple's allowance) are aged 65 or more at any time in the tax year.

**Alimony**

A payment to a divorced or separated spouse.



**Allowable**

Adjective describing something on which you get tax relief.

**Allowable business expense**

A business expense on which you get tax relief (by deducting it from your income before tax is worked out).

**Allowable expense**

An expense on which you get tax relief (by deducting it from your income or capital gain before the tax is worked out).

## **Allowance**

An amount you can deduct from your income for tax purposes: the amount depends on your personal circumstances.

### **Annual percentage rate (APR)**

The APR is a guide to the cost of borrowing money and takes account of all the costs involved. You need to consider how long the loan will last as well as the APR.

## Annuity

You pay a lump sum to an insurance company for an annuity: in return, the company gives you an income, usually for the rest of your life. The amount of the income is fixed at outset. You can't usually get any of your lump sum back.

## **Assessment**

A statement of your tax liability for a particular tax year.

**Asset**

Broadly, anything you own - including non-tangible concepts such as a lease or investments, as well as physical objects.



**Balancing charge**

The opposite of capital allowance - an amount you may have to add to your business profits, and profits from letting property or land, if you sell certain types of business equipment for more than the amount qualifying for capital allowances.

## Bank

An institution authorised to accept 'deposits' under the Banking Act 1987. However, tax legislation often refers instead to 'deposit-takers' - institutions which take deposits. Deposit-takers have to be authorised by the Bank of England.

## **Base rate**

The base rate is set by the government. When the base rate changes, interest rates on most types of loans and savings accounts will be affected but there is not an automatic link. Banks and building societies borrow money from the Bank of England every day to help their cash flow. The base rate determines how much they pay which helps determine how much they pay, or charge, you.

**Basic-rate tax**

The rate of tax paid on taxable income between £4,101 and £26,100 (in 1997-98). The rate for the 1997-98 tax year is 23 per cent.

**Blind person's allowance**

An extra allowance you get if you are registered as blind (or, in Scotland or Northern Ireland, where there is no such register, unable to perform any work for which eyesight is essential) during the whole or part of the tax year.

**Building society**

For tax purposes, a building society is one within the meaning of the Building Societies Act 1986.

**Capital allowances**

A deduction from your business profits (and some other types of income) if you buy certain types of equipment and building for your business.

**Capital gains tax**

A tax you may have to pay when you dispose of something for more than the cost of acquiring it.



### **Carry back**

If you make contributions to a personal pension plan or retirement annuity, the premiums can be 'carried back' and treated as being paid in a previous tax year.

### **Carry forward**

This facility allows an individual who has made (or intends to make) the maximum contribution to a Personal Pension Plan or retirement annuity contract for the current financial year to contribute more by carrying forward unused relief from the previous six years.

## **Case**

A subdivision of a Schedule. Also, a court case to decide a particular point of tax law.

**Chargeable gain**

A capital gain on an asset or disposal which is not tax-free, after deducting indexation allowance and allowable expenses. Also a gain under a life insurance policy.

## **Charity**

Any body of persons or trust established for charitable purposes only - not necessarily a registered charity. The exact interpretation is up to the Courts.

## **Children**

Exact definition depends on the context, but for income tax purposes can include stepchildren, illegitimate children and adopted children.

#### **Class 4 National Insurance contributions**

Paid by the self-employed, these are a straightforward tax on business profits and don't entitle you to any benefits. From 6 April 1996 tax relief no longer applies to these contributions, but the rate paid was reduced to six per cent of net profits. For the 1997-98 tax year, Class 4 contributions are paid on profits between £7,010 and £24,180.

### **Company car**

A car made available by an employer to an employee (or members of his family or household) for private use. Driving to and from work counts as private use.



**Contracted-in**

This means you belong to the State Earnings Related Pension Scheme and can expect to receive benefits from it at state retirement age. A percentage of your National Insurance Contribution pays for SERPS.

### **Contracting out**

You can elect to 'contract-out' of the State Earnings Related Pension Scheme provided you are a member of your employer's pension scheme (which guarantees to provide similar benefits) or you contribute to a special type of personal pension known as an Appropriate Personal Pension.

## **Contributions**

What you, your employer and sometimes the Government pay into a pension scheme or plan. Contributions to state social security schemes are called National Insurance contributions.

## **Convertibles**

A way of investing in a company. 'Convertible loan stock' gives the person holding the stock the right to convert part or all of it into an agreed number of shares at a fixed date in the future.

### **Corporate bonds**

A way of investing in a company. These bonds work a bit like British Government stocks - ie they usually pay a fixed rate of interest and are repaid at a fixed date in the future.

**Council tax**

A tax assessed on the value of your home and tax paid to your local authority.

## **Covenant**

A legally binding agreement to pay somebody or some institution a certain amount for a set number of years.

**Current-year basis**

The system of charging tax on the income arising in the current tax year.



## **Deed of covenant**

The document setting up a covenant.

**Deposit**

A sum of money held - eg by a bank or building society - on terms under which it will be repaid. Generally it earns interest. A deposit is not connected to the provision of goods or services.

### **Discretionary trusts**

Trusts where the trustees can decide, within the limits of the trust deed and rules, who gets the money.

## **Disposal**

For capital gains tax purposes, you dispose of an asset when you part with it, whether you sell it, give it away, exchange it, grant rights to it (eg a lease), or even when an asset is lost or become worthless.

**Distribution**

The income payment from a unit trust.

## **Dividends**

The income paid by a company to its shareholders.

## **Domicile**

The country or state which is a person's 'natural home' - a highly technical matter which doesn't necessarily correspond to somebody's residence or nationality.

### **Double taxation relief**

A relief you might get if the same income is liable to tax in both the United Kingdom and another country.



**Earned income**

Income you get, as an individual, from a job, pension, social security benefit, furnished holiday lettings, a business in which you are a sole trader or partner, and the income from patents if you are an inventor.

## **Emoluments**

Any benefit you get as an employee, including salaries, fees, wages, fringe benefits and profits.

## Employee

A person employed for wages. The Inland Revenue may regard you as an employee even if you think of yourself as self-employed - for example, if you don't have the final say about how your business is done, use equipment provided by others, and don't risk your own money.

**Employer's pension**

A pension from a scheme run by an employer to provide pensions on retirement, and other benefits to employees.

### **Enterprise Investment Scheme**

This scheme replaced the Business Expansion Scheme from 1 January 1994. You get tax relief at 20 per cent on investments up to £100,000 a year, the gains are free of capital gains tax if you hold the shares for at least five years, and any losses can be set against either income or capital gains tax. The scheme covers investment in shares in qualifying unquoted companies.

## **Estate**

The wealth you leave behind you (however minimal) when you die.

### **Exempt**

Refers to income or capital gain which is outside the tax net altogether - ie which can be ignored when calculating your tax bill. TaxCalc tends to refer to 'tax-free' instead.

## **Expenses**

Payments incurred in the acquisition of income or capital gain. If they are 'allowable', you can deduct them from your income or gain: what is allowable depends on the source of the income or gain.



### **FTSE-100 Share Index**

The best-known of the published indices, the FTSE-100 is widely quoted in the press and used as a barometer of price movement of shares. It is an index of 100 leading 'blue chip' UK shares, revalued each minute, giving an immediate picture of market movements.

**Final value**

For capital gains tax purposes, the sale price of an asset when disposed of, or its market value if given away. If you sell an asset for less than its market value, the final value will still be its market value.

## **Forms**

Used in TaxCalc to refer to any piece of Inland Revenue documentation a taxpayer may have to fill in.

**Free-standing additional voluntary contributions**

Contributions you choose to make, while a member of an employer's pension scheme, to an AVC plan which is independent of your employer's scheme.

## **Freelance**

A meaningless term for tax purposes - to the Inland Revenue, a freelance could be either employed or self-employed, depending on his/her freedom of action and financial risk.

### **Friendly Society**

Originally a self-help organisation aiming primarily to provide sickness and death benefits: now basically a life insurance company, but also able to offer limited tax-free investments.

### **Fringe benefits**

Any 'perk of the job' for employees: in general, any such perk is taxable, although some are tax-free.

**General Commissioners**

Unpaid local people who hear appeals against assessments arising in the locality. They are not usually tax experts, but have a paid clerk to advise them on legal matters.



### **Gift Aid**

A scheme allowing individuals to make single gifts to charity of £250 or more, net of basic-rate tax.

## Gifts

Something you hand over with no conditions - ie not expecting to get anything in return. Even so, you may have to pay capital gains tax or occasionally inheritance tax when you make a gift.

## **Gilts**

Bonds issued by the government as a way of borrowing money. The investment is normally redeemed at face value on the maturing date.

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While some words and phrases have a formal definition in tax law, all too many don't: if you disagree with the Revenue about an undefined word or phrase, the ultimate arbiter will be the courts. This glossary is designed to give TaxCalc users a quick explanation of what we mean by some of the tax terms used in the program. Note that our definitions apply for tax purposes only. If you're unsure about the meaning of a term not covered here, check it with your Tax Office.

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**Allowable business expense**

**Allowable expense**

**Allowance**

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**Gross**

An amount before deduction of something (often tax).

### **Grossing-up**

What you do if you want to turn a net (after-tax) amount into its gross (before-tax) equivalent. To find the gross equivalent of something which has had 23 per cent tax deducted, divide the net amount by 0.77: for 20 per cent tax, divide by 0.80.

### **Higher-rate tax**

The rate of tax paid on taxable income above £26,100 (in 1997-98). The rate is 40 per cent for 1997-98.

## Home

Meaning varies. To claim income tax relief on mortgage interest, your main home must be the one you live in all or most of the time: for capital gains tax, your main home is simply the one you nominate as such, even if you don't actually live there.

## **ICTA**

An abbreviation for the Income and Corporation Taxes Act 1988 - the key piece of tax legislation.

### **Income for tax purposes**

Whatever the tax legislation defines as income - this may differ from what many taxpayers might regard as income, for example gains on life insurance are taxed as income

**Income limit**

The amount of taxable income you can have before you start to lose something - usually used in the context of the age-related allowances, where you lose the extra allowance once your taxable income exceeds above £15,600 (in 1997-98).



**Income tax**

A tax on what the tax legislation defines as income, paid at varying rates depending on your taxable income.

### **Independent taxation**

The system of taxing husband and wife independently which was first applied in the 1990-91 tax year: previously, married couples were taxed as one unit.

**Indexation allowance**

An allowance which you can deduct from capital gains and which takes account of gains made purely because of inflation.

**Indexed gain/loss**

For capital gains tax purposes, your gain (or loss) after deducting indexation allowance.

## **Inheritance tax**

A tax on what you leave when you die, and on a few types of gift made during your lifetime.

**Initial value**

For capital gains tax purposes, the price paid for an asset, or its market value when you acquired it.

## **Inland Revenue**

The government department which is responsible for assessing and collecting income tax, capital gains tax and class 4 National Insurance.

## **Interest**

Could refer to either the interest a borrower pays on a loan or the interest a saver gets from his/her deposit.



### **Investment income**

Any income you get which is not categorised as earned - includes some payments you might not regard as coming from an investment, eg income from deeds of covenant and maintenance payments.

### **Investment trusts**

Companies whose sole business is investing into other companies' stocks and shares.  
Taxation position identical to dividends received from other UK companies.

### **Joint tenancy**

The most common form of home or property ownership. Each joint tenant (there may be more than two) owns the home and has identical interests in it. If one owner dies, their share automatically goes to the other (or others).

## **LIBOR**

Stands for London Interbank Offered Rate. It is important to the banks as it is the rate at which they will lend money to each other.

### **Leaving payments**

Can include lump sums from a pension, ex-gratia payments, redundancy payments and 'compensation for loss of office' - all of which may be taxed differently.

## Lettings

Property of some sort which you let out. Income from furnished holiday lettings, guest houses and bed and breakfast establishments may be treated as earned income but income from other types of lettings is normally investment income.

## **Life insurance**

You make payments in the expectation of receiving a bigger payment on a certain event - either death, or at a pre-defined date in the future.

### **Living together**

Two people who live together without being married are taxed completely independently. A married woman is treated as 'living with her husband' unless they are separated or 'in fact separated in circumstances which render permanent separation likely'.



## Losses

Can be the result of either more income going out than coming in, or of a disposal of something for less than it cost to acquire.

### **Lower-rate tax**

The rate of tax paid on any taxable income below £4,100 (in the 1997-98 tax year). The rate was 20 per cent in 1997-98.

## **MIRAS**

Interest payments on most home loans attract tax relief at 15 per cent for the first £30,000 of the loan, ten per cent from 6 April 1998. The MIRAS scheme allows homeowners to make their interest payments with the tax relief already deducted. The lender claims the tax back direct from the Revenue.

**Maintenance**

For tax purposes, a payment made at intervals (ie not an instalment of a lump sum) by one partner in a marriage for the support of the other partner or a child of the marriage, at a time when the two partners aren't living together.

**Maintenance deduction**

A kind of allowance which you qualify for if you make enforceable maintenance payments under an agreement set up after 14 March 1988.

## **Marriage**

Not defined in tax legislation - the Inland Revenue will accept whatever the legal system does, though there have been tax cases about polygamous marriages!

**Married couple's allowance**

An allowance against tax which can be claimed by either partner of a marriage, or split between them. If a particular partner is not specified as the claimant, the allowance is automatically given to the husband.

**Medical insurance**

Insurance to pay private medical expenses.



**Mortgage**

A loan secured on property. Usually taken to mean a loan to buy a home.

## **National Insurance**

The system of contribution payments which entitle you to specific state pensions and other benefits. Some types of NI contributions are straightforward taxes carrying no benefit entitlement at all.

## **National Savings**

A government department which offers savings schemes to the public.

**Net**

An amount after deduction of something (usually tax).

**Net relevant earnings**

Your profits for tax purposes, less capital allowances and some other deductions (if self-employed) or your total before-tax pay including most taxable fringe benefits (if you're an employee). Used to work out your maximum contributions to personal pension plans and retirement annuity contracts.

### **Non-MIRAS loan**

Loan which qualifies for tax relief but is not within the MIRAS scheme, because either the loan itself or the lender doesn't fulfill the necessary conditions.

**Non-taxpayer**

Someone whose total income is less than the amount of their allowances.

### **Notice of coding**

A form the Inland Revenue may send you to explain how your PAYE code has been arrived at.



### **Occupational pension**

Another name for an employer's pension.

### **Open-ended investment companies (OEICs)**

New type of collective investment vehicle, similar to a unit trust, but set up as a company as opposed to a trust. OEICs can issue shares on demand (hence open-ended) and the price of the shares is determined by dividing the assets of the company by the number of shares in the issue.

### **Ordinarily resident**

Not defined in tax legislation: broadly, if you are resident year after year in a particular country, you are 'ordinarily resident' there.

## **Outgoings**

Amounts you pay on which you get tax relief, eg an allowable expense incurred in the course of your work.

**PAYE - Pay As You Earn**

The system by which tax is deducted from most income and pensions from employment before you get them.

**PAYE code**

A combination of numbers and letters which lets your employer or pension-payer know how much tax to deduct from your wages, salary or pension.

**PEP**

Abbreviation for a Personal Equity Plan.

**PPP**

Abbreviation for a personal pension plan.



## Partnership

In England, a collection of separate persons in business together. In Scotland, a partnership is a legal entity, However, for tax purposes, partnerships are generally treated the same way across the United Kingdom.

### **Payments on account**

Payments of tax made by the self-employed, taxpayers with rental income or taxpayers with investment income not already taxed. Payments on account are due on 31 January of the tax year in question and 31 July following the end of the tax year in question. Payments on account for the 1997-98 tax year are due on 31 January 1998 and 31 July 1998.

### **Payroll giving**

A scheme which gives employees full tax relief on donations to charity, by deducting the payments from salaries and wages before tax is worked out.

**Pension**

A regular income, usually paid for life, or an insurance policy which builds up a fund in order to buy a pension at retirement.

## **Perks**

Perquisites - usually refers to fringe benefits from a job.

### **Personal Equity Plan**

A special type of savings/investment scheme into certain equity based investments, the proceeds of which are tax-free. These will be withdrawn from April 1999.

**Personal pension plan**

Pension scheme usually from an insurance company and not linked to any particular job, where the benefits paid out depend on the amount contributed, how well the contributions are invested, and annuity rates on retirement.

## **Personal allowances**

Allowances you get because of your personal situation.



**Personal pension**

The pension you get from a personal pension plan or retirement annuity contract.

### **Preceding-year basis**

The system of charging tax on the income received in the preceding tax year or in the accounting year ending in the preceding tax year. Eg, tax due in 1995-96 tax year would be assessed on income received in 1994-95 tax year, or in the accounting year which ended in the 1994-95 tax year. Will no longer apply from the 1997-98 tax year.

### **Preference shares**

A way of investing in a company. The shareholder usually gets a fixed dividend and will be paid before ordinary shareholders.

### **Premium bonds**

A National Savings scheme where the return is tax-free and paid out in the form of winnings.

### **Private medical insurance**

See medical insurance.

**Profit**

Broadly, gross income less certain expenses, but the exact definition for tax purposes depends on the type of income involved.

### **Profit-related pay**

Profit-related pay paid under a registered scheme is tax-free (within limits).

### **Profit-sharing schemes**

Schemes allowing directors and employees of companies to receive shares free of income tax under certain conditions.



### **Profits from business**

See profit. Exact definition depends on the type of business.

### **Qualifying corporate bonds**

A loan to a company or other organisation which is expressed in sterling, first issued after 13 March 1984, and quoted on the Stock Exchange or traded on the Unlisted Securities Market. Tax-free for capital gains tax purposes.

**RPI**

Abbreviation of Retail Prices Index.

### **Re-investment relief**

If you make a capital gain on the disposal of an asset, you can defer the gain if you reinvest the gain in some small companies' shares.

**Rebate**

The return of part of a payment which you have made.

## **Redundancy**

Situation where individual becomes unemployed when the job in which he/she was employed ceases to exist.

### **Redundancy payments**

These may be statutory - the minimum amount laid down by law, in which case they are tax-free - or non-statutory - amounts paid over and above the statutory minimum, in which case usually the first £30,000 in total is tax-free.

### **Rent a Room scheme**

A scheme which allows you to rent rooms in your only or main home (even if you are a tenant yourself) and receive rent each year tax free up to a maximum of £4,250 (1997-98).



## Rents

Income from letting out property.

## **Residence**

Which country you live in for tax purposes, which is primarily a matter of physical presence. Also, the building you live in.

**Retail Prices Index**

An index which tracks price changes in the cost of various goods and services, used as a measure of price inflation and the basis for some tax calculations, particularly indexation allowance for capital gains tax.

## **Retirement**

You do not necessarily need to have stopped work to be 'retired' for tax purposes. See retirement relief.

### **Retirement annuity contract**

A form of pension scheme, superseded since 1 July 1988 by personal pension plans.

### **Retirement relief**

A form of tax relief on the capital gains you may realise on the disposal of a business when aged 55 or over or retiring before then due to ill-health.

## **Retraining**

If your employer pays some retraining costs when you leave your job, this is classed as a tax-free fringe benefit.

## **SAYE**

Save As You Earn - a tax-free savings scheme with terms and interest rates fixed by the government. Withdrawn from 29 November 1994, although SAYE linked to share option schemes continues.



**SERPS**

The State Earnings Related Pension Scheme - part of the state scheme which began in 1978 and pays earnings-related pensions. Only employees are covered.

## **Schedule**

A way of dividing income up into various types for tax purposes, for example income from a job is Schedule E income. Different schedules have different rules. Schedules may be further sub-divided into cases.

### **Self assessment**

A new system for assessing and collecting tax. Takes effect from 1996-97 tax year.

### **Self-employed**

You will be classed as self-employed for tax purposes only if you meet certain conditions outlined in Inland Revenue leaflet IR56. If you are a director of a limited company, however small, you are an employee, not self-employed.

## **Separated**

Whether a married couple is regarded as 'separated' is a matter of judgment, unless they are separated under a court order or separation deed. A husband and wife may be separated even though living under the same roof if they have become two households.

## **Separation**

See separated.

**Settlement**

An overall term for any disposition, trust, covenant, agreement or arrangement. Also any transfer of assets to your own children.

**Settlor**

The person who sets up a trust, and puts money or assets into it.



### **Share dividends**

The income a company pays to its shareholders.

### **Share option schemes**

The right (or option) to buy shares in your employer's company at some future date, but at a pre-set price. There is no income tax to pay on any gain when you realise your option if the scheme is 'approved'.

## **Shares**

Part-ownership of a limited company.

### **Single parent**

A term not used in tax legislation - but for tax purposes, anybody who is not married or living with their spouse and who has a child under 16 (or over 16 and in full-time education) can claim additional personal allowance.

## **Social security**

See social security benefits.

**Social security benefits**

State benefits such as retirement pension, widows' benefits or invalidity allowance. Some are not taxable.

## **Social security payments**

See social security benefits.

### **Social security pensions**

Includes state retirement pension, widow's pension, disablement pension, old persons' pension, invalidity pension, war widow's pension, war orphan's pension.



**Special Commissioners**

Tax experts who hear appeals against tax assessments.

**Statement of account**

The new statement from the Inland Revenue which shows the amount of tax the Revenue thinks you owe, together with payments you have already made. May be sent at varying times in the year depending on your tax status (ie, employed, self-employed) and whether you calculate your own tax or ask the Revenue to do it for you.

**Stock dividends**

Shares issued by a company in lieu of a cash dividend.

## **Subscriptions**

Usually refers to fees paid to trade and professional associations.

## **TESSA**

A Tax Exempt Special Savings Scheme - a savings scheme offered by banks and building societies, the income from which is tax-free, provided certain conditions are kept. Will be withdrawn from April 1999.

**Tax assessment**

The document showing the calculation of the tax payable on particular sources of income for a particular tax year.

**Tax credit**

An amount of tax which you are regarded as having paid - for example, the tax credit on a share dividend is the amount of tax deducted from the dividend before you get it.

**Tax rebate**

A refund of tax already paid.



**Tax Return**

The tax form on which you declare your income and capital gains for a particular tax year, and claim any personal allowances for that year.

### **Tax year**

A tax year runs from 6 April in one year to 5 April of the next. TaxCalc refers to the 1997-98 tax year running from 6 April 1997 to 5 April 1998. When TaxCalc refers to a 'year' it is almost always the tax year.

**Tax-free**

Something not liable to tax.

### **Tax-free slice**

TaxCalc uses this to mean the amount of net taxable capital gains which you can make each tax year before you have to pay capital gains tax. For 1997-98 the tax-free slice is £6,500.

**Taxable benefit**

Could refer to either a taxable fringe benefit, or a taxable social security benefit.

**Taxable income**

The amount of your income which will be subject to tax.

## **Taxpayer's Charter**

A statement by the Inland Revenue of your rights and obligations as a taxpayer.

**Top-slicing relief**

A relief which may reduce the higher-rate tax you might otherwise have to pay on some gains from life insurance policies.



**Total income**

All income which isn't tax-free, minus some outgoings. The basis for other calculations, particularly for working out how much age-related allowances somebody gets.

## Training

If your employer pays for your training, it will often count as a tax-free fringe benefit: if you pay, it may count as an allowable expense.

### **Training courses**

A full-time external training course lasting for four weeks or more is an allowable expense if an employee pays for it him or herself, providing that the employer requires or encourages attendance.

**Transitional year**

The year in which the self-employed, partnerships and some people with rental and investment income, jump from the old preceding-year basis to the new current-year basis. Special rules apply to profits made in the transitional year.

### **Travelling expenses**

Essential travelling expenses are usually allowable. However, travel between home and work is not allowable.

## **Trusts**

A legal arrangement whereby property is held by trustees on behalf of one or more beneficiaries to be used in accordance with the trust deeds and rules.

## Unemployed

Unemployment has no tax consequences except that if you become unemployed you may be due a rebate of tax overpaid earlier in the tax year. Jobseeker's allowance is taxable.

**Unindexed gain/loss**

For capital gains tax purposes, your gain/loss before deducting indexation allowance.



**Unit trust**

A way of pooling your money with other investors in order to spread your investment among a range of shares and other investments.

### **Unpaid tax**

Not a good idea. You pay interest on the tax from the day it becomes payable, as well as surcharges and penalties. The Inland Revenue can seize your personal property or bankrupt you. But if you can't pay the tax, you may be able to pay in instalments, and if you dispute the bill you can apply to postpone the tax while you appeal.

**Value Added Tax (VAT)**

Collected by Customs and Excise, not by the Inland Revenue. VAT is an allowable expense for the self-employed who are not VAT-registered.

### **Venture Capital Trusts**

A new sort of company, broadly similar to investment companies but investing in small unquoted trading companies. From 6 April 1995, tax relief is available if you buy shares in a VCT.

### **Voluntary contributions**

Not a term used on its own. Usually used in the context of pensions. There are two types - additional voluntary contributions and free-standing additional voluntary contributions.

## **Widow**

Where a married man whose wife is living with him dies, his widow will be entitled to widow's bereavement allowance.

**Widow's bereavement allowance**

An allowance which a widow gets in the tax year of her husband's death, and in the following year (providing she does not remarry before the start of the year).

**Widowed mother's allowance**

A social security benefit for widows caring for dependent children.



## **Widower**

A widower gets no special tax treatment from the Inland Revenue, apart from the additional personal allowance if he has a qualifying child living with him.

