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Course **APS Taxation of Individuals**

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Section 1	**3037**	**14098**	**16945**
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Report

To: Alan Baird

From: Chartered Tax Advisors

Date: 30th April 2026

Introduction

This report is for the benefit of Alan Baird and will provide advise and reccommendations on the points raised in his email to Sally Bainbridge on 25th April 2026.

The issues this report will advise on are:

1, Which job offer to take, choosing between employment with a Scottish firm and buying into a partnership in England.

2, Which property to purchase and issues to discuss regarding the Oxford property.

3, Cashflow and other points relating to Pets and Claws Veterinary Clinic.

This report is solely for use by Alan Baird. Chartered Tax Advisors accept no liability on any reliance placed on this report by third parties.

Executive Summary

1, Job Offer

Tax on non-savings income is calculated using different rate bands and rates of tax in Scotland ranging from 19% to 48%.

The Scottish job will see a net income of £73,779 compared with net income from the English job of £77,460.

As pension contributions in the Scottish job are made via net pay arrangements you would not receive additional tax relief on these and this, along with your rental income, will take you into the additional rate tax bracket of 48% in Scotland. You will also lose your personal allowance of £12,570.

With the English job you would be making relief at source pension contributions in the way you are currently doing. This means that you receive tax relief and clawback some of your personal allowance.

Taking the English job would result in higher net cash compared to the Scottish job by £3,681, £18,405 over the 5 years.

We reccommend taking the English job, thereby having increased net income after pension payments of £3,681/year. Replace the £20,000 you need to buy in to the partnership with this additional income.

2, Property Choice

New Property

The main issue with the property choice is regarding the Stamp Duty LAnd Tax (SDLT) in England and Land and Buildings Transaction Tax (LBTT) in Scotland.

As you already own a property this purchase would be considered a second property. Both SDLT and LBTT impose a higher rate of tax when the property is an additional property.

This additional charge is higher for LBTT by 3%, so you would have to pay an additional £5,600 in LBTT if you bought the property in Scotland.

We advise to purcahse the property in England as a consequence of this higher land tax.

Oxford Property
You will need to report your rental income on your self-assessment return for the year you start to rent out the property, likely 2026/27. Claim mortgage interest relief of £2,640/year against your income tax.

Ensure you return to the Oxford property after you leave the north east of England to be able to claim the most relief possible under Private Residence Relief when you eventually sell the property.

Make pension contributions with the net surplus cash available from renting the property to reduce your tax by £3,600.

3, Cashflow and Pets and Claws Veterinary Clinic

There are no tax implications from using the funds in your ISA, though you will only be

able to replace them at a rate of £20,000 per year.

Set up a junior ISA for Jake which will provide funds to him when he is 18 and you can contribute £9,000/year to this in addition to your own ISA.

We recommend seeking advise from a financial advisor with regards to stocks and shares. We are only able to comment on the tax implications.

There are no tax implications of receiving the capital funds of £30,000 or the loan capital of £20,000 from Pets and Claws. They do not need to be reported on your tax return.

You will need to report your final share of partnership income on your 2026/27 tax return.

Detailed Analysis

1, Job Offer

The following calculations are based on annual income from each job to provide a comparison as you requested. The tax is an indication relating to these jobs and will change depending on other circumstances, e.g. increased savings interest and what your final income amounts received from Pets and Claws is.

Scottish Job
Tax on non-savings income is calculated using different rate bands and rates of tax in Scotland ranging from 0% to 48%. Class 1 National insurance would be charged at 8% and 2%.

The Scottish job will contribute to a pension on your behalf under net pay arrangements, meaning that deductions are taken out before tax is calculated. The pension cost to you is half being £4,500 with the firm contributing the other £4,500.

No further relief available on these pension contributions, unlike with your personal pension contributions, as you are taxed on the income after the deductions have been taken. National insurance is still charged on the gross income of £90,000.

The car allowance would increase your net take home pay as this wouldbe an additional payment. Tax and Class 1 employee national insurance would be charged on this amount. As you said, this would help towards covering some of the additional lease mileage charges on your personal vehicle.

The medical benefit would not increase your take home cash. Tax would be charged on this as a benefit in kind, but no national insurance contributions would be charged.

The 'other' budget of £5,000 could be used to put towards your relocation costs. This would be an exempt benefit, capped at £8,000. It could be used to cover your legal fees on purchasing your new property and could cover some of the stamp duty costs as well.

With the addition of the rental property income from Oxford, your total income would breach the £125,140 threshold taking you into the additional rate bracket for tax. This means all of your personal allowance would be abated. You would also lose the savings allowance of £500 that you currently benefit from.

Net cash from this job (factoring in tax on rental income) would be £73,779.

English Job

This income would be taxed in the same way that your existing income from the Pets and Claws partnership is taxed. You would pay income tax on rates ranging from 0% to 45%. Class 4 national insurance would be charged at 6% and 2%.

Use of the pool car is available to reduce the times that you need to use your personal car so would help towards keeping the mileage down for your lease.

No pension contributions are made by the partnership but you would be able to continue paying £10,000 into your SIPP each year to benefit from the relief at source tax relief.

Net cash from this job (factoring in tax on rental income) would be £77,460.

When comparing the 2 jobs against your existing partnership income, the English job performs better with very similar take home pay. After factoring in contributions to your pension you would still have higher net pay of £3,681 by taking the English job rather than the Scottish job.

This difference is born due to the increased pension contributions made by you, thereby extending your basic rate bands and clawing back some of your personal allowance. You will also benefit from the £500 savings allowance.

The new partnership has gross income of £2,000 less than Pets and Claws but the net income difference is only £760 less.

There is the consideration of £20,000 that needs to be paid to enter into the new parternship, however you have enough in your ISA to cover this and you would get this

back in time for Jake to go to university. There would be no income tax or capital gains tax implications of paying this to the new partnership or taking this back out in 5 years.

Summary

We reccommend taking the English job, thereby having increased net income after pension payments of £3,681/year. This additional income could be put towards replacing the £20,000 you need to buy in to the partnership.

2, Property Choice

New property:

The main issue with the property choice is regarding the Stamp Duty LAnd Tax (SDLT) in England and Land and Buildings Transaction Tax (LBTT) in Scotland.

As you already own a property this purchase would be considered a second property. Both SDLT and LBTT impose a higher rate of tax when the property is an additional property.

Buying the property in England will cost £11,500 in SDLT as the additional property charge is 5% on the whole £200,000 (see appendix 2).

Buying the proeprty in Scotland will cost £17,100 in LBTT as the additional property charge in Scotland is 8%.

You will save £5,600 in land taxes if you purchase the English Property.

Selling this property will benefit from Private Residence Relief if you sell when you

move back to OXford and there will be no capital gains tax to pay.

Oxford Property:

Keeping the Oxford property and renting it out will have income tax and capital gains tax issues.

Income Tax

The rental income from the property of £27,672/year (see appendix 2) will be chargable to income tax and will need reporting on your self-assessment tax return each year.

If you begin renting the property out in July 2026 after you leave the partnership then you will need to first report this income on your 2026/27 tax return.

Mortgage interest is not an allowable expense to offset against rental income, however you would receive mortgage interest relief of 20% of the interest amount. This amounts to £2,640/year on interest payments of £13,200 (see appendix 2).

Capital Gains Tax

Selling the property at it's current market value would create a gain of £425,000.

As the property has always been your main residence then you will be able to claim Private Residence Relief (PRR) on the property to exempt this gain so no Capital Gains tax would be due.

When you move out of the property and it is no longer your main residence PRR is not ordinarily available.

However, you are able to leave the property for 3 years for any reason and still claim

PRR so long as you return to the property in the future. You would also get the last 9 months of ownership of the property.

This means that if you sold the property in the future, after leaving the property for 5 years and then returning to it, you would be able to claim PRR on all but 1 year and 3 months. This would reduce the gain considerably.

You are also entitled to an annual exempt amount of £3,000.

Net cash

You will also have net cash of £600 available after taking into account mortgage payments for the Oxford property. This surplus income could be used to add further funds to your SIPP thereby gaining further tax relief. Contributions of £600/month would equate to £9,000 in gross additions to your pension and create a tax saving of £3,600.

For IHT purposes this property is best to be your main residence in the future as you will benefit from the residence nil rate band of £175,000 if you loeave the property to Jake. Thus you would have £500,000 of nil rate band to cover the property.

Summary

As you have indicated that both properties are close to your mum and your potential new jobs then we would reccommend buying the English property to avoid the higher LBTT charges.

Report your rental income on your self-assessment return for the year you start to trent the property, likely 2026/27. Claim mortgage interest relief of £2,640/year against your

income tax.

Ensure you return to the Oxford property after you leave the north east of England to be able to claim more relief under PRR.

Make pension contributions with the net surplus cash available to reduce your tax by £3,600.

3, Cashflow and other points

Cashflow
If you follow our advise as detailed above to take the English job and English property, you will need £83,500 to facilitate your move and to cover the additional stamp duty costs.

We would always advise you to seek professional advise from a financial advisor when dealing with stocks and shares, including ISAs. However, the tax implications of using the funds in your Stocks and Shares ISA are nil.

You would only be able to replace these funds at a rate of £20,000 per year, which is the maximum subscription to an adult ISA.

As the plan is to use these savings for Jake when he goes to university, you could open a Junior ISA for Jake which would only be accessible by Jake once he turns 18. You would be able to contribute a further £9,000 per year into tax free savings then. To be clear this account would be in Jake's name so he could technically use the funds however he wished once he turned 18.

Pets and Claws

You are going to be leaving the partnership in June 2026. This will be in the 26/27 tax year and so you will receive a 3 month pro rata share of the profit to be reported on your 2026/27 tax return. This is the case even though the final share of the profits that you wil receive, likely ~£7,917, will be paid after the tax year end. Income is reported on the profits from the partnership in the tax year as the accounts run to 31st MArch so we do not need to consider transitional profits.

There are no tax implications of taking the capital funds you have in Pets and Claws of £30,000.

Similarly there will be no income tax charged on the loan repayment when that is received in August 2027.

Summary

There are no tax implications from using the funds in your ISA, though you will only be able to replace them at a rate of £20,000 per year.

Set up a junior ISA for Jake which will provide funds to him when he is 18 and you can contribute £9,000/year to this in addition to your own ISA.

There are no tax implications of receiving the capital funds of £30,000 or the loan capital of £20,000 from Pets and Claws. They do not need to be reported on your tax return.

You will need to report your final share of partnership income on your 2026/27 tax return.

Appendix 1 - Job Income Calculation - full year

	scottish job	english job	partnership comparison
salary/remun	85,500	93,000	105,000
bonus/profit	4,500	10,000	
car allow	7,200		
medical	1,000		
Total	**98,200**	**103,000**	**105,000**
rental	27,672	27,672	27,672
Taxable inc	125,672	130,672	132,672
Tax W1	47,988	40,835	42,035
NI W2	4,045	3,317	3,357
mortgage relief	(2,640)	(2,640)	(2,640)
Total tax & NI	49,393	41,512	42,752

Net Cash

from salary less tax & ni	**47,807**	**61,488**	**62,248**
from rents	27,672	27,672	27,672
less mtg payments	(1,700)	(1,700)	(1,700)
net	73,779	87,460	88,220
pension payments (ordinarily)	0	(10,000)	(10,000)
after pension	73,779	77,460	78,220
more net cash		3,681	
x5 years		18,405	

Scottish job - if took additional £5k budget for 'other' could be used to cover relocation expenses of up to £8k - would be exempt from tax

car - not opra as not given choice between car and allowance

pension - reduces taxable income as net pay arrangement, no further relief in tax rate

bands

NIC charged on full 90k

W1:
scottish
2827 @ 19% = 537
12093 @ 20% = 2419
16170 @ 21% = 3396
31337 @ 42% = 13162
62709 @ 45% = 28219
532 @ 48% = 255
total = 47988

english
PA some available due to pension contributions extending bands:
100,000+12,500 = 112,500
130,672 - 112,500 = 18,172 / 2 = 9,086
PA available = 12,570 - 9,086 = 3,484
3,484 @ 0% = 0
50,200 @ 20% = 10,040
76,988 @ 40% = 30,795
(extended rate band due to pension of 10k, 12.5k gross)
total = 40,835

partnership comparison with rents
PA some available due to pension contributions extending bands:
100,000+12,500 = 112,500
132,672 - 112,500 = 20,172 / 2 = 9,086
PA available = 12,570 - 10,086 = 2,484
2,484 @ 0% = 0
50,200 @ 20% = 10,040
79,988 @ 40% = 31,995
(extended rate band due to pension of 10k, 12.5k gross) 137,640
total = 42,035

W2:
scottish - employment so class 1 EE NI
90k + 4.5k + car 7.2k = 101,700
37,700 @ 8% = 3,016
51,430 @ 2% = 1,029
total = 4,045

english - partnership so class 4 NI
37,700 @ 6% = 2,262
52,730 @ 2% = 1,055
total = 3,317

Class 2 NI treated as paid

partnership comparison - partnership so class 4 NI
37,700 @ 6% = 2,262
54,730 @ 2% = 1,095
total = 3,357

Class 2 NI treated as paid

Appendix 2 Property

Oxford Property
Gain if MV stays same:
Proceeds 850,000
cost 425,000
gain 425,000

PRR on all if returns in 3 years

PRR on all but 1 and quarter year if returns at 5 years due to being able to not have the property as his main residence for any reason for 3 years - must return to the property. Then final 9 months, reduces the 2 years non-main res to 1.25 yrs.

Rental Income
Rents 30,000
Expenses 2,328
Rental income 27,672

Mortgage relief at 20% on interest only - can't claim expense in full:
13,200 x 20% = 2,640

Net monthly cash available after mortgage payments:
2500 - 144 - 50 - 1,700 = 606

could put into pension 600/month = £7,200/year net, gross relief of £9,000 to extend basic and higher rate bands and poss clawback some PA.

Property purchases stamp duty issue:

Scottish property:
Land and Buildings Transaction Tax in Scotland - additional 8% if purchasing 'additional dwelling supplement'
200,000 x 8% = £16,000 additional LBTT
Total £17,100

English Property:
Stamp Duty LAnd Tax - additional 5% on second property
£200,000 x 5% = £10,000
Total £11,500

stmap duty higher in scotland by **£5,600**

Appendix 3 - Cashflow

	scottish house	english house	scottish job	english job	
deposit	50,000	50,000			
stamp duty	17,100	11,500			
fees	2,000	2,000			
relocation benefits			(5,000)	0	
buy in			0	20,000	
total needed	69,100	**63,500**	(5,000)	20,000	
english house + scot job			58,500		
english house english job				83,500	
less 30k from pship			(30,000)	(30,000)	
capital needed			28,500	53,500	