

Should you file a 2023/24 tax return?

Do you need to file a self-assessment tax return?

Below is an overview of the criteria for needing to file a tax return and you need to consider this for each tax year – so for 2023/24, you will need to consider the criteria for 6 April 2023 to 5 April 2024. This is a general overview and if you have any other sources of income, gains or reliefs not listed below which you feel may be relevant in determining whether a tax return is required, please check whether any of those might require you to complete a tax return - we can assist you in determining this.

You must register for self-assessment and file a tax return with HMRC if, in the last tax year (6 April 23 to 5 April 24), any of the following applied:

- **Self-employed** - you were self employed as a 'sole trader' and earned more than £1,000 (before taking off anything you have claimed tax relief on).
- **Partnership** - you were a partner in a business partnership.
- **High income** – your only taxable income is through PAYE and is more than £150,000.
- **Work expenses** - you want to claim tax relief on employment expenses exceeding £2,500.
- **Child benefit** - you or your partner receive child benefit and your income is over £50,000.
- **Untaxed income** - you are in receipt of untaxed commission or cash in hand income of £2,500 or more.
- **Property income** - you receive income from letting any property or land that exceeds £10,000 gross or if the net amount after expenses is more than £2,500.
- **Crypto income** of £10,000 or more.
- **Dividends or savings/investments income** of £10,000 or more before tax.
- **Trust/Estate/Settlement** - you are in receipt of income from a trust or settlement, or any income from the estate of a deceased person and further tax is due on that income.
- **EIS/SEIS/VCT** - making a claim for EIS, SEIS, Social investment tax relief or Venture Capital Trust, where relief claimed for each item is more than £10,000.
- **Capital gains** - net capital gains (before deducting capital losses brought forwards) of more than the CGT annual exemption (£6,000 in 2023/24; reducing to £3,000 in 2024/25). Net capital gains are the total capital gains, less total capital losses in the tax year.
- **Foreign income/gains** - you are UK resident and have foreign income or capital gains (unless your only foreign income is dividends which are below the dividend allowance)
- **Pension charges** - a payment or charge on a private pension (ie unauthorised payments, exceeding annual or lifetime allowances)
- **Certain occupation** - you held a position as a religious minister, Lloyd's underwriter, share fisherman, examiner or exam moderator/invigilator.

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You may still need to notify HMRC if you had untaxed income

Even if you do not meet the above criteria for needing to file a tax return, you must call HMRC to tell them if you had untaxed income in the tax year of:

- more than £1,000 income from share dividends (this limit reduces to £500 for 2024/25)
- between £1,000 and £10,000 in any other untaxed income, such as crypto, savings/investments, commission, or from renting out a property.

If they are able to collect this tax via your PAYE code they will do so. They may advise that they are unable to collect the tax and require you to send a tax return instead in certain circumstances.

What if a tax return is issued but I don't meet the criteria to file one?

Where a tax return has been issued by HMRC for a tax year, you have a legal obligation to file it, unless you ask HMRC to cancel the return and they agree to withdraw it. Therefore, if you believe you do not need to file a tax return for 2023/24 but you have been issued with one, you could ask HMRC to withdraw the tax return, explaining why you think you do not need to file one. If they do not agree and still require you to file one, you will legally have to do so by 31 January 2025 to avoid a penalty.

Capital gains and losses disclosure needed on tax return

You do not have to pay capital gains tax (CGT) if your total taxable capital gains are under your Capital Gains Tax Annual Exemption (2023/24 - £6,000; 2024/25 - £3,000).

However, even if your net capital gains for the tax year (total gains, less total losses in tax year) are below these limits and CGT is not payable; you are still required to report your capital gains or losses on your tax return if both of the following apply:

- The total proceeds (the amount you sold the assets for) was more than £50,000; and
- You are required to file a self-assessment tax return for another reason (based on the self-assessment criteria)

If you have capital losses brought forwards from prior years, these automatically reduce your net capital gains in the tax year. However, if the net gains in the year are above the CGT exemption (£6,000 in 2023/24), you need to report the net gains on the tax return, even where the capital losses brought forwards reduce them below the CGT annual exemption.

Capital losses need to be claimed on your tax return to claim them; even when they are not used in the tax year. If you do not need to be registered for self assessment tax returns, your capital loss claim can be made by letter to HMRC instead of on the tax return.

Need specialist crypto tax or accounting help?

We have a large and experienced crypto tax and accounting team who can provide advice and assistance with preparing tax returns, reviewing and finalising your crypto tax reports using crypto tax software and all your other crypto accounting needs. Please reach out using the crypto client enquiry form link below or contact our Head of Crypto Louise.Lane@wrightvigar.co.uk.