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John Leyden, owner of Carbon Accountancy, is here to highlight the top mistakes made on income tax returns. Avoid at all costs if you fancy saving time and money this year

Incoming...

Looking at the HMRC website, the "common mistakes" they urge you to avoid in terms of filling out your tax return include: remembering to sign and date it; checking each page; adding your tax reference number if you downloaded the form; using the right form for the right tax year and not scribbling notes on the form like, "information to follow".

Fine – if you are in a school exam! but not so helpful in terms of understanding where most people go wrong and how you can avoid some of the common pitfalls.

Here, from years of (sometimes bitter, but usually helpful) experience, are my top tips in terms of that annual headache – filling in your tax return.

1. Employment benefits

Probably the most common mistake is to forget to include your employment benefits on your tax return – things like company cars and private medical insurance may seem obvious, but many people omit them. And remember that other benefits like gym membership are taxable too!

2. Pensions

The most frequently occurring mistake I see in terms of pension contributions is either forgetting to include them at all, or putting the incorrect amount in. Most pension contributions are paid to the pension provider on a net basis – so £80 of pension contribution is £100 of gross contribution. Often people get these figures mixed up so make sure you know which is which.

"Not claiming enough is the problem here rather than not declaring enough!"

3. Gift aid

A large number of people fail to include their charitable donations on their income tax return – if you are a higher rate taxpayer, you are missing out on getting a tax refund for this, so always keep a record.

4. Small amounts of dividends and interest

Many people forget to include interest and dividends from small deposits and shareholdings. Take the trouble to go through every small account you may have forgotten about – it helps to keep records or files so that there aren't any half-dormant accounts left out because you don't use them a lot.

5. Rental income wear and tear allowance

Not claiming enough is the problem here rather than not declaring enough! The most common form of mistake for rental income is not claiming the 10% wear and tear allowance (which reduces your taxable rent by 10% for furnished lettings). That can make a big difference, so make sure you claim this every time.

6. Rental income mortgage interest

Another common rental income mistake is claiming the full mortgage payments instead of just claiming interest paid on the mortgage. Remember that you are only allowed to claim for the interest payments, and not the capital repayments.

7. Claiming capital losses

In terms of capital gains tax, the thing that most people get wrong is not including losses, thinking that this isn't relevant as no tax is payable. However, by claiming losses you can carry them forward and reduce capital gains tax in future years, so don't just leave them out – it could cost you in the long run.

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