



TAX PLANNING

A BIBLICAL PERSPECTIVE

“And Jesus answering said unto them, render to Caesar the things that are Caesar's, and to God the things that are God's. And they marvelled at him.”

Mark 12:17

There is a saying that in life there are two constants; that one day we will all die and whilst alive, we will all pay taxes!

The Bible is clear that taxes form part of our lives and as shown in the verse above, we have a responsibility to pay a proportion of our God given resources as tax, just in the same way that we should pay a proportion to God in the form of a tithe. Ultimately, all of the money that we have (as well as everything else) belongs to God as stated in scripture and it is His wish that we pay what is due.

Taxes are, of course, not a bad thing (although very annoying!), in that they are used to pay for a multitude of services that benefit society and the economy. Examples of the major services that our taxes are used to pay for are Health, Schools and Education, Governance, Local Councils and all the associated services, Roads, Policing and the Armed Forces, the benefits of which do not need explaining.

Taxes are also used to distribute wealth from the rich to the poor, providing benefits to those that need them (and sometimes to those that do not!).

The taxes we pay therefore make an enormous difference to society, which is surely part of God's plan for us, with man helping his fellow man.

“Taxes, after all, are dues that we pay for the privileges of membership in an organised society.” Franklin D. Roosevelt

Introduction

- Without taxes, society would not be able to function.
- Taxes are a way of redistributing wealth from the rich to the poor and providing services to society as a whole
- Taxes are a part of life and we should accept them. Although we do not have to accept them being used inefficiently!
- As stated in scripture, we have a duty to pay them when due.
- We should not, therefore, use means by which to *evade* paying tax, although we should also ensure that we are not paying too much tax unnecessarily.
- Tax Planning will help to ensure that this is achieved by structuring your finances and estate in a tax efficient manner and by also taking advantage of any tax saving opportunities that are available.
- By using morally acceptable and permitted methods to mitigate the tax that you pay, you can still have a positive impact on society even though you are paying less tax! For example, by making tax efficient pension contributions, you will help to reduce your reliance on society in retirement and by making tax efficient charitable gifts under Gift Aid, you are helping to support charitable courses and / or promoting God’s kingdom.
- An effective Tax Plan should be seen as part of being a good steward of the resources that God has blessed you with.

Please note the Financial Services Authority does not regulate tax planning.

Key Questions to Consider

- Having read the above, how do you feel about the amount of tax that you pay?
- Do you feel that you are paying too much or even too little tax?
- Are you ensuring that you only have to pay the tax that you are liable for?
e.g. by remembering to declare all of your expenses, by making charitable gifts using Gift Aid AND declaring them on your tax return...no matter how small!
- Are you not paying tax on any items that you should be?
- Is your Estate structured in a tax efficient way e.g. cash holdings in the name of a spouse who is in a lower tax bracket than you or pays no tax at all?
- In what way(s) would you like to reduce the tax you pay? e.g. more tax efficient investments, pensions, charitable giving.
- Can this be incorporated into your existing goals and objectives? e.g. Retirement Planning / Giving Planning.
- Can your existing goals and objectives be achieved in a more tax efficient manner?
- Is this an opportunity for you to look at the amount you give in more detail?
- What is God saying to you in this area?

Trinity's Role

- Having helped you to define your goals and objectives, Trinity will then look at how they can be achieved in the most suitable and tax efficient way possible, taking advantage of the opportunities and allowances provided by current legislation.
- We will also take a thorough look at your financial circumstances to ascertain if any tax is being paid unnecessarily.
- We are able to give suitable advice in this way by having a thorough understanding of the rules relating to personal and corporate taxation as well as the various investment vehicles that can provide you with tax advantaged or tax-free income and/or growth.

Give to everyone what you owe them: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honour, then honour." Romans 13:6-7

Next Steps (in conjunction with Trinity)

- To take a look at the different area of planning for your situation and ascertain whether you are paying too much (or too little) tax and what changes need to be made.
- Discuss the ways in which the tax that you pay can be reduced and prayerfully consider these options.
- Incorporate the decision made into your Financial Plan, which is then to be implemented in the most suitable and tax efficient way possible.
- Then review whether any tax saved a %age needs to be given to God's work.

WHAT THE BIBLE SAYS

Scriptural Insights on Tax Planning

“And Jesus answering said unto them, render to Caesar the things that are Caesar's, and to God the things that are God's. And they marvelled at him” **Mark 12:17**

“Then give back to Caesar what is Caesar's, and to God what is God's.” **Luke 20:25**

“This is also why you pay taxes, for the authorities are God's servants, who give their full time to governing. Give to everyone what you owe them: If you owe taxes, pay taxes; if revenue, then revenue; if respect, then respect; if honour, then honour.” **Romans 13:6-7**

“But so that we may not cause offense, go to the lake and throw out your line. Take the first fish you catch; open its mouth and you will find a four-drachma coin. Take it and give it to them for my tax and yours.” **Matthew 17:27**

“Now Mesha king of Moab raised sheep, and he had to pay the king of Israel a tribute of a hundred thousand lambs and the wool of a hundred thousand rams.” **2 Kings 3:4**

“Menahem exacted this money from Israel. Every wealthy person had to contribute fifty shekels of silver to be given to the king of Assyria. So the king of Assyria withdrew and stayed in the land no longer.” **2 Kings 15:20**

“Jehoiakim paid Pharaoh Necho the silver and gold he demanded. In order to do so, he taxed the land and exacted the silver and gold from the people of the land according to their assessments.” **2 Kings 23:35**