



Newsletter Winter 2015

Important Dates

- 30 Dec** Income Tax return to be filed if Tax collected through tax code
- 19 Jan** Remittance of PAYE, NIC & CIS to HMRC by post for month ended 05-01-2016
- 22 Jan** Remittance of PAYE, NIC & CIS to HMRC electronically
- 31 Jan** Deadline for paying Self Assessment balancing payment for 5 April 2015
- 31 Jan** 1st payment on account due for 2015/16 Self Assessment
- 19 Feb** Remittance of PAYE, NIC & CIS to HMRC by post for month ended 05-02-2016
- 22 Feb** Remittance of PAYE, NIC & CIS to HMRC electronically

Autumn Statement: Key Points

Chancellor George Osborne recently delivered his Spending Review and Autumn Statement to the House of Commons. Here are some key points:

Tax Credits – The government announced an improvement in the public finances and so the planned Tax Credit cuts have now been avoided, the income threshold will remain at £6,420 per year and the income rise disregard will be £2,500.

Childcare – 30 hours of free childcare will be available for three and four year olds from April 2017. This is to be limited to parents working more than 16 hours a week and with incomes of less than £100,000.

Corporation Tax - The Northern Ireland parties have now indicated that they wish to

pursue the implementation of a new Northern Ireland Corporation Tax rate of 12.5% in April 2018.

Housing Benefits/ Pension Credits – From April 2016, housing benefit and pension credit payments will be stopped for claimants who leave the country for more than 4 weeks at a time.

State Pension - The basic State Pension will rise by £3.35 per week to £119.30 from April 2016. The new single tier pension will be set at £155.65 a week.

Second Property – Higher rates of Stamp Duty Land Tax (SDLT) of 3% above current SDLT rate will be charged on purchases of additional residential properties, such as buy to let properties and second homes.

Apprenticeships – The apprenticeship levy on larger employers announced in the

Summer Budget will be introduced in April 2017. and has been set at 0.5% of an employer's wage bill. Eligible firms will receive a £15,000 allowance.

Company Car Tax - The government is retaining the diesel supplement in company car tax until 2021.

Tax Avoidance – The Chancellor pledged an extra £800 million to fund efforts to tackle tax evasion and non-compliance in the tax system.

Tax System - By 2020, HMRC will require most businesses, self-employed people and landlords to keep track of their tax affairs digitally using new individual digital tax accounts.



RESTRICTION OF BUY TO LET INTEREST

In the Summer Budget it was announced that mortgage interest relief for buy to let landlords would start being phased out from 2017/18 onwards and restricted to basic rate only from 2020/21.

Now that the Finance Bill has been published the full impact of this change is starting to emerge and for some landlords this will result in a significant increase in the tax payable

as their rental profits will now be taxed at higher rates. This is because mortgage interest will no longer be an allowable deduction in arriving at rental profits. For example a landlord with £60,000 of gross rental income, £6,000 of agent's commission, £8,000 of repairs and other expenses and £40,000 of interest would currently have

£6,000 of net rental profits. However, from 2017/18 the interest relief will start being restricted, and from 2020/21 there will be no deduction for interest, which would mean that, assuming the rent and expenses remain the same, the taxable rental income would be £46,000. For many landlords this will mean that the rent will fall into the higher rate tax bands and the £40,000 interest will result in a £8,000 basic rate tax reducer to set against the tax liability.



BUYING A BUSINESS? NO RELIEF FOR GOODWILL NOW

Ever since April 2002 when a limited company acquires the trade and assets of another business it has been possible to obtain a tax deduction for the goodwill and other intangible assets of the acquired business, generally in line with the accounting treatment. So, if the goodwill of the acquired business was worth say £500,000 and the directors assess the useful economic life as 5 years there would be an allowable tax deduction of £100,000 a year over the 5 year period.

The Summer Budget has blocked this deduction where the goodwill is acquired on or after 8 July 2015, although where the acquisition was prior to that date relief continues to be available. Note that the new restriction applies to goodwill and “customer-related assets” which would include



client lists and customer databases. The restriction does not apply to other intangibles such as patents and manufacturing “know – how” so the allocation of

the purchase price of assets in the sale and purchase agreement may have an impact on the availability of tax relief.

Congratulations and Best Wishes

To Kerry from our office who celebrated her marriage to Seamus in October.



VAT ON MIXED SUPPLIES

Care needs be taken when invoicing if your business makes supplies, some of which are standard rates and others which are potentially zero rated or exempt for VAT. A recent VAT Tribunal case has reinforced the rule established in the *Card Protection Plan* case that if the supply comprises a single service from an economic point of view it should not be artificially split.



In the recent case a company provided marketing and promotional services including brochures and other publications. It was held that the supply of printed matter (potentially zero rated) was merely ancillary to the principal supply of marketing and promotional services so the entire services should follow the principal supply and be standard rated, even if separately invoiced.

UK Bankruptcy Threshold Changing

UK Bankruptcy Threshold changing to £5,000
From the 1st October 2015 the amount that a debtor must owe in order to be made bankrupt in the UK rises to £5,000 from the current level of £750.

Likewise, Debt Relief Orders debt level rises from £15,000 to £20,000 and the debt is allowed to retain assets up to the collective value of £1,000.



This change in the level of debts owed will mean that creditors will have to look at other options when pursuing low value debts.



Our office will be closed on 24th December and will reopen on 4th January 2016.



Congratulations

To Marie from our office and David on the birth of your baby boy Ronan in October.



Welcome to our newest member of staff Leanne Humphrey who joined the business in November 2015.

Check out our website and Facebook page.



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IN PEOPLE

