

JTC NEWSLINE

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Making Tax Digital

The "Making Tax Digital" proposals are that by 2018 most businesses would have to keep their records digitally and make quarterly returns of profit to HMRC. The consultations end on 7th November. The proposals seem to be getting little support from business and the accountancy profession. Particularly worrying is the timescale and the costs to business. If you are in the dark you must talk to your accountants. If these changes go ahead, as they are likely to, everyone will have to make a lot of change and improvement, costly improvement, to their accounting practises. Start learning the sound of 'Making Tax Digital' as an issue you may have to handle. ■

Apprenticeship Levy

The draft regulations issued in October provide for the calculation, reporting and payment of the Apprenticeship Levy. This will operate on a monthly cumulative basis so it will tax evenly throughout the year. (Good news). Your business should only be affected if the payroll is over £2.8 million a year (the technical limit for payment is £3 million but so that firms with payrolls moving across the £3 million threshold are properly taxed, they have to report once their payroll is £2.8 million).

The other point to start thinking about is whether your business is controlled by or controls another business, or is controlled by persons who control other businesses. In this case all payrolls will be added together for the purpose of the £3 million payroll threshold. If you think this may affect you talk to your accountant now. ■

Warning – CIS telephone verifications to end in six months

Following on from the introduction of mandatory online filing for the Construction Industry Scheme's CIS300 Monthly Return, HMRC are reminding the CIS software developers and contractors that the Subcontractor Verification Request will also become electronically mandated from the 6 April 2017. Telephone support for verifications will stop from this date next year. HMRC are also reminding companies, whose software still does not support the reporting of Monthly Return Amendments, that this functionality must be in place by April 2017. ■

Business rating of show homes

As any firm who has show homes will know these are not subject to council tax and instead pay UBR as commercial buildings. The new rating list was published on 1 October 2016 together with a revision of the section of the rating manual that applies to the rating of show homes. If you would like to see a copy please email Liz@thetaxbridge.com and Liz will send it over together with what evidence she holds of the effect of the new rating lists on show homes. ■

PAYE reporting - employment intermediaries

On 3 October 2016 HMRC published updated guidance. This makes it clear that where an employment intermediary has supplied no workers in a specific quarter a nil report **must** still be filed by the reporting period deadline. It also makes clear that each report must be made on a fresh template so that data from a previous report does not corrupt a current report. ■

VAT - difficulty paying on time?

- Make sure to keep evidence of all contact you make with HMRC.
- Apply for time to pay arrangement in good time (well before the payment date).
- Always check that you know your banking arrangements, cut off times and maximum amounts, in case you have to pay at the last minute.
- Always read the post from HMRC when it arrives.
- Never ignore a Surcharge Liability Notice even if the surcharge is nil or waived – it counts in any later failure.
- If you get a penalty and have an excuse, always ask for a review.
- Remember lack of funds alone is not a reasonable excuse.
- If you appeal, present evidence.
- **Ask for help - email liz@thetaxbridge.com** ■

Changes to the Government Gateway

There is nothing to worry about if you use HMRC free products or you buy commercially designed software to report. If you have designed your own software to keep accounts and report, please contact Liz Bridge – there are changes to the specifications for the Government Gateway that you need to know. ■

PAYE payments made late?

Did you know that if HMRC start to suspect that payments of PAYE are becoming so erratic that their money may be at risk, they can seek a security. This is frequently required after two "time to pay" arrangements have been set up and then are failed. The security requested is generally very steep from a taxpayer's perspective. If you continue to trade but fail to pay the security it is a criminal offense.

Take care, if you ask for a time to pay arrangement make sure that you only agree an arrangement that you can honour. ■

Welsh Land Transaction Tax

Wales will introduce the Land Transaction Tax (LTT) in April 2018, its own version of Stamp Duty Land Tax (SDLT).

LTT is intended to be broadly similar to both SDLT and Land and Buildings Transaction Tax (LBTT) in Scotland.

Key features and proposals include:

- It will be based on the banding or marginal rate system which is now in place for SDLT on residential and non-residential properties, rather than the previous slab structure.
- Decisions on rates and bands will be made closer to April 2018.
- The 15% rate applicable to purchases of residential property over £500,000 by "non-natural persons" such as companies is not considered relevant for LTT.
- Following consultation, the Welsh Government has decided that an additional 3% charge for the purchase of additional residential properties will be included for LTT.
- Taxation of leases should be improved and simplified.
- A General Anti-Avoidance Rule and a Targeted Anti-Avoidance Rule will be introduced. ■

Last chance for business premises renovation allowance

Business Premises Renovation Allowance (BPRA), a relief which can provide 100% relief for expenditure on converting or renovating unused commercial property for business use, comes to an end on **31 March 2017 (5 April 2017 for companies)**.

There are a number of conditions to meet for the property itself, the area the property is situated, the person doing the work, and the subsequent use of the property, but the types of expenditure that qualify for the relief are generous, including building work, professional fees and management fees as well as some plant and machinery.

Relief is only available for expenditure incurred on or before the dates above, so if you are considering a

HMRC tax refund - more phishing

If you get an email similar to the one below it's not from HMRC. You are not really getting a refund. If you do receive a phishing email like this please **make sure you don't click** on any of the links in the email.

If you wish to contact HMRC you just need to go to UK Gov website. Here is the full url for HMRC **www.gov.uk/government/organisations/hm-revenue-customs**

Please do share this information, especially with teens and other people who may not have a good understanding of the tax system. ■

HM Revenue & Customs

Refund ID : [number]

Hello [your name]

New Tax Calculation

We have received your tax calculation which shows you due a tax repayment of **[number] GBP**.

We have determined that you are eligible to receive a tax refund of **[number] GBP**. Please submit the tax refund request

Please [asks you to Click Link here]

Refund and submit the tax refund request.

Note : A refund can be delayed a variety of reasons, for example submitting invalid records or applying after deadline.

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project which might qualify for this relief if could be worthwhile checking the qualifying conditions and bringing forward expenditure where possible.

If an annexe is suitable for use as a dwelling separately from the main house, with its own access, kitchen, bathroom, bedroom and living areas, then your property consists of two dwellings and may be eligible for Multiple Dwellings Relief (MDR).

Claiming MDR relief can produce significant savings, for example SDLT on a property costing £500,000 would be reduced by £10,000. You have 13 months from the date of purchase to amend your return and reclaim overpaid SDLT so a claim could still be possible if you bought your property within this time-frame. ■

Northern Ireland Corporation Tax

HMRC have released draft guidance on the new Northern Ireland Corporation Tax regime which paves the way for a lower rate of Corporation Tax than the rest of the UK.

The Corporation Tax (Northern Ireland) Act 2015 allows for devolution of power to the Northern Ireland Assembly to set a Northern Ireland rate of Corporation Tax to apply to certain trading income:

- The Northern Ireland Executive has committed to a rate of 12.5% from April 2018.
- This will apply to most trading activities, with exclusions for oil and gas and the majority of financial activities.
- It will apply to SMEs where the company's employee time and costs fall largely in Northern Ireland.
- For large companies, it will apply to profits attributable to a Northern Ireland trading presence.

Comments are invited on the draft guidance up to 1 January 2017. ■

Brexit

And finally, for the avoidance of doubt, and to have it somewhere on record, the Government is to introduce a Bill to repeal the European Communities Act 1972.

It will retain all current EU law applying to the UK, while allowing for changes to be made by secondary legislation as exit negotiations proceed with the EU.

It is the intention to trigger the Article 50 two year exit process before 31 March 2017. ■

**If you have a query regarding any of the items featured in this issue of newslines please contact Liz Bridge.
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