Davis & Co.
New Forest Accountants

Spring 2016

Newsletter

Welcome to our Spring 2016 Newsletter.

Yet again we are having to report a very busy year within the accounting and taxation world, with the Government continuing to make significant and ongoing changes to the tax and pension system. Some of these changes came into effect from 6th April 2016, others are being phased in over the next few years.

We have covered a variety of topics in the Newsletter, which we feel are relevant to our clients and hope you will find the contents useful, as well as interesting and informative.

We continue to work around the children and school holidays, which is essential for the practise as we continue to grow year on year. We try to make sure the office is manned during office hours, however, we hope you all appreciate that with a family run business that is not always possible. Turning to the family, the children continue to keep us on our feet, and are now getting to an age where they can help with small tasks around the office!

Income Tax Rates:

The basic personal allowance will increase from £10,600 to £11,000 from 6th April 2016. The March Budget also announced that this will increase to £11,500 for 2017/18. Remember that if your adjusted net income exceeds £100,000 the personal allowance is reduced by £1 for every £2 over £100,000 giving an effective rate of 60% on income between £100,000 and £122,000 for 2016/17. Contact us for advice on planning to avoid this 60% rate.

Transferrable Personal Allowance:

Are you married or in a civil partnership?

If so you may be entitled to a £432 tax break called the marriage tax allowance. Despite this being introduced from 6th April 2015, 3.7 million of the 4.2 million eligible couples are still missing out.

You can only transfer some of your personal allowance to your spouse or civil partner if you meet certain conditions. This is known as the transferable tax allowance for married couples and civil partners or “marriage allowance”. Note that this is not an extra allowance – it is part of the personal allowance.

The marriage allowance is only available to spouses and civil partners born after 5 April 1935. The allowance for 2016/17 is £1,100. Under the rules, a spouse or civil partner who is not liable to income tax may transfer £1,100 of their personal allowance to their spouse or civil partner. The recipient spouse or civil partner of the personal tax-free allowance must have an annual income of between £11,001 and £43,001 during the 2016/17 tax year. This also applies where a higher earner is self-employed and it means that together, a couple will pay less tax.

In order to receive the tax break, one person in a couple will apply online to transfer the allowance to their spouse or civil partner, and HMRC will tell the recipient about the change to their Pay As You Earn (PAYE) tax code.

Personal Tax Accounts:

In December 2015, HMRC launched the Personal Tax Account (PTA). This is an early step in the long path the government has embarked upon in its Making Tax Digital project.

A PTA will, by 2020, allow taxpayers to 'see their complete financial picture in their digital account, just like they do in their online banking'. One of HMRC's more controversial ideas in getting to this objective will be the requirement for most businesses and landlords to submit quarterly data to HMRC through their PTAs. We are a long way from that development. What is currently being trialled is the creation of an overview of an individual's taxable income and tax liabilities which is populated from information HMRC already has obtained from the individual and other sources (such as their employer). The expectation is that all personal taxpayers will have a PTA by April 2016, along with five million small businesses.

The PTA currently allows certain changes to be made by the individual so that HMRC can make changes to the amount of tax collected. The type of changes that can be made will be developed over time. Examples of changes that can be made currently include:

- Employees being able to provide information about changes to a company car or to medical insurance benefits.
- Individuals stopping Child Benefit payments if they or their partners are affected by the High Income Child Benefit Charge.

In the first example, employers do provide this information to HMRC but in arrears of the changes. The PTA therefore provides an opportunity for the employee to effect quicker changes to tax liabilities.

In the latter example, an individual can currently provide information via a secure form on the HMRC website. The expectation is that individuals will be required, in due course, to use the PTA.

If you are interested in seeing your PTA, you will initially need to establish your identity. There are various ways in which you can do this and the methods will be amended over time. A government gateway account can be used if you have one. Alternatively the GOV.UK Verify service can be used.

Please note that, at the moment, you do not have to access your PTA and, if we are your tax agents, we cannot currently access the account on your behalf. We will continue to manage your tax affairs and will keep you informed of developments in the Making Tax Digital project.

Tax Bands and Rates for Dividends:

Historically, when a dividend was paid to an individual, it was subject to different tax rates compared to other income due to a 10% notional tax credit being added to the dividend. Previously, for an individual who had dividend income which fell into the basic rate band the effective tax rate was nil as the 10% tax credit covered the 10% tax liability. For higher rate and additional rate taxpayers, the effective tax rates on a dividend receipt were 25% and 30.6% respectively.

From 6 April 2016:

- the 10% dividend tax credit is abolished with the result that the cash dividend received will be the gross amount potentially subject to tax
- a new Dividend Tax Allowance charges the first £5,000 of dividends received in a tax year at 0%
- for dividends above £5,000, new rates of tax on dividend income will be 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

To determine which tax band dividends fall into, dividends are treated as the last type of income to be taxed.

Despite these changes, it is still more tax effective to pay yourself a smaller salary and draw quarterly dividends.

Should you wish to clarify your personal tax positon with regards to salary and dividends, please contact us.

Employee Benefits and Expenses:

From 6 April 2016 a number of changes are introduced relating to the tax treatment of employee benefits in kind and expenses:

- There will be a statutory exemption for certain expenses, such as travelling and subsistence expenses, reimbursed to an employee. This will replace the current system where employers have to apply for a dispensation to avoid having to report non-taxable expenses (on forms P11D).
- Employers will be able to include taxable benefits in pay and thus account for PAYE on the benefits. However, in order to payroll benefits for 2016/17, employers will have to register with HMRC for the service before the start of the new tax year. Employers will then not have to include these payrolled benefits on forms P11D.
- The £8,500 threshold below which employees do not pay income tax on certain benefits in kind will be removed. There will be new exemptions for carers and ministers of religion.

Simplification of the Administration of Tax on Employee Benefits and Expenses:

The government will introduce a package of measures to further simplify the tax administration of employee benefits and expenses by:

- extending the voluntary pay-rolling framework to allow employers to account for tax on non-cash vouchers and credit tokens in real time from April 2017
- consulting on proposals to simplify the process for applying for and agreeing PAYE Settlement Agreements
- consulting on proposals to align the dates by which an employee has to make a payment to their employer in return for a benefit-in-kind they receive to 'make good'
- legislating to ensure that if there is a specific statutory provision for calculating the tax charge on a benefit in kind, this must be used.

Mileage Rates:

We will have already had conversations with a number of you regarding your Motor Expenses and how best to claim these. We still strongly recommend keeping a mileage log where possible, detailing all miles undertaken for an on behalf of business matters. However, it is also still important to keep receipts for your motor expenses, as this enables us to calculate your most tax efficient claim.

The Mileage rates remain the same for the 2016/17 tax year:-

Car & Vans	45p per mile for first 10,000
	25p per mile for thereafter (up by 5p per mile)
Each qualifying passenger	
	5p per mile
Motor Cycles	24p per mile, irrespective of total miles
Bicycles	20p per mile, irrespective of total miles

Travel and Subsistence:

In September 2015 the government published a discussion document aimed at modernising the tax rules for travel and subsistence (T&S). The government has analysed responses and concluded that, although complex in parts, the current T&S rules are generally well understood and work effectively for the majority of employees and has decided not to make further changes to the T&S rules at this time.

Tax Relief on Travel and Subsistence – Umbrella Companies:
As we advised last year, it was announced in the March 2015 Budget, that the government will introduce legislation in The Finance Bill 2016 to restrict tax relief for home to work travel and subsistence expenses for workers engaged through umbrella companies (employment intermediaries). This will bring the rules into line with those that apply to employees.

<u>Contract of Employment / Written Statement:</u>

A written contract of employment is important because it protects not only you as an employer, but it clearly states what you expect from your employee.

If an employment lasts for at least a month, most employees are legally entitled to a written statement of the main terms and conditions of their employment. This should be supplied within two months. While details of sick leave and discipline and grievance procedures may be contained in other documents, the statement itself should be a single document and must contain information such as:

- the name of the employer and employee;
- the date that the employment or the period of continuous employment started;
- the job location;
- the pay and whether it's weekly, monthly etc;
- the working hours;
- the holiday entitlement;
- the job description / job title;
- the details of any collective agreement that directly affect the employee's conditions of employment.

This written statement is a legally binding agreement between an employer and employee, where an employee agrees to work for an employer for payment. It is evidence of the contract of employment.

Ideally, the statement should be provided when employment starts, but it must be provided within two months of starting work. Employers should note that failure to provide a contract could ultimately result in the employee making a claim to an employment tribunal. If this is upheld, compensation of between two and four week's pay could be awarded. Employers should be aware of the potential adverse effect this may have not only on their relationship with that individual employee, but with other members of their workforce.

Salary Sacrifice:

The government is considering limiting the range of benefits that attract income tax and NIC advantages when provided as part of salary sacrifice schemes. However, the government's intention is that pension saving, childcare, and health-related benefits such as Cycle to Work should continue to benefit from income tax and NIC relief when provided through salary sacrifice arrangements.

Unpaid Leave for Expectant Fathers/Partners:

From 1st October 2014, an expectant father or the partner of a pregnant women has been entitled to take unpaid time off work to accompany the woman to up to two ante-natal appointments. The time off is capped at six and a half hours for each appointment. The employer is not allowed to ask to see the appointment card, but is entitled to ask the employee to make a declaration stating the date and time of the appointment. Employees can also be asked to state in writing that they qualify through a relationship with the mother or child and that they are taking the time off to accompany the expectant mother to an antenatal appointment made on the advice of a designated healthcare professional.

The term 'Partner' includes the spouse or civil partner of the pregnant woman and a person (or either sex) in a long term relationship with her. The right applies whether the child is conceived naturally or through donor insemination. It also extends to those who will become parents though a surrogacy arrangement, if they expect to satisfy the conditions for, and intend to apply for, a Parental Order for the child, born through that arrangement.

The Government is aiming to achieve greater involvement of both of the child's parents from the earliest stages of pregnancy.

Holiday Pay:

You may recall we forewarned you in our Spring 2015 Newsletter, of the changes being implemented in relation to Holiday Pay. As from July 2015 employers now need to take into account overtime when calculating holiday pay, so that it is calculated on their actual earnings, not basic pay – and a similar change taking into account commission may be on its way.

These changes have come in following an Employment Appeal Tribunal decision in November 2014. Under the previous rules, it was only necessary to take basic pay into account when calculating holiday pay.

This follows an earlier ruling by the Court of Justice of the European Union (CJEU) that holiday pay should include commission and other elements of contractual variable pay such as shift allowances. That case involved a salesman who received a basic salary plus variable commission, which made up about 60% of his total remuneration. He therefore suffered financial hardship as a result of taking a holiday because he could not earn any commission while he was away from work. The CJEU said that the purpose of holiday pay is to put workers in the position they would have been if they had been at work. The tribunal ruled that holiday pay should include pay for non-guaranteed overtime; this is overtime that an employee must work if asked, but which the employer does not have to offer them. It is not clear whether the ruling covers voluntary overtime – which the employee can refuse.

There is a complication because the decision only applies to the four weeks (20 days) of paid annual leave that employers have to provide under the Working Time Directive. Employers are still allowed to make payments at the lower, basic pay rate for the eight days of additional leave required under the Working Time Regulations 1998. This overturned an earlier decision that employees could choose which days would be covered by the Working Time Directive.

Taxation of Termination Payments:

From April 2018 the government will tighten the scope of the income tax exemption for termination payments to prevent manipulation.

Termination payments over £30,000 which are subject to income tax will also be subject to employer NIC. The government will undertake a technical consultation on tightening the scope of the exemption.

National Insurance Rates:

The HMRC have increased the NI thresholds for the 2016/17 tax year as follows:-

Class 1	£155.00 p.w
	£8,060 p.a.
Class 2	£2.80 p.w.
Class 4	£8,060 p.a.

The chargeable rates remain the same as follows:-

Class 1	12% for Employee 13.8% for Employer
Class 4	9% on Profits between £8,060 and £43,000, plus 2% on Profits over £43,000

Abolition of Class 2 National Insurance Contributions (NIC):

The government will abolish Class 2 NIC from April 2018. The government will publish its response to the recent consultation on state benefit entitlement for the self-employed in due course. This will set out details of how the self-employed will access contributory benefits after Class 2 is abolished.

NIC For Apprentices Under 25:

From 6 April 2016 employer NICs are 0% for apprentices under 25 who earn less than the upper secondary threshold (UST) which is £827 per week (£43,000 per annum). Employers are liable to 13.8% NIC on pay above the UST. Employee NICs are payable as normal.

An apprentice needs to:

- be working towards a government recognised apprenticeship in the UK which follows a government approved framework/standard
- have a written agreement, giving the government recognised apprentice framework or standard, with a start and expected completion date.

Employers need to identify relevant apprentices and generally assign them NIC category letter H to ensure the correct NICs are collected.

Please Note:
The proposals exclude apprenticeships which do not follow government approved frameworks, also known as common law apprenticeships. A similar 0% rate of employer NIC already applies for employees under the age of 21.

N.I. Exemption:
National Insurance Contributions for individuals under 21 was abolished with effect from 6th April 2015, and no changes have been made to this for the 2016/17 tax year.

Employment Allowance:

The NIC Employment Allowance was introduced from 6 April 2014. It is an annual allowance which is available to many employers and can be offset against their employer NIC liability.

From April 2016, the government will increase the NIC Employment Allowance from £2,000 to £3,000 a year. The increase will mean that businesses will be able to employ four workers full time on the new National Living Wage without paying any NIC.

To ensure that the NIC Employment Allowance is focussed on businesses and charities that support employment, from April 2016 companies where the director is the sole employee will no longer be able to claim the Employment Allowance.

This amount is claimed as part of your normal payroll process on a month to month basis. There are some exceptions to this scheme, for example covering nannies and household staff, and anyone under IR35 for personal service companies. Revenue has advised that there are still employers which have not claimed this benefit for the 2015/16 tax year. We have ensured that this benefit has been claimed by all our payroll clients, however, if you prepare your own payroll and are unsure if you have claimed, please get in touch and we will check for you.

Employers who hire an illegal worker face civil penalties from the Home Office. The government will build on this deterrent by removing a year's Employment Allowance from those receiving civil penalties, starting in 2018.

Fines for Non-Compliance with Auto Enrolment:

The Pensions Regulator (TPR) has released a round-up of auto enrolment news, and the most startling point from the bulletin is that over 63% of all non-compliance notices issued by TPR since 2012 have been issued between October-December 2015.

The regulator state that more than 90% of the first small employers required to enrol their staff into a workplace pension have now complied with the law. TPR state that this shows that auto enrolment and the workplace pension reform is successful for all sizes of employer.

There are around 500,000 businesses due to stage for auto enrolment in 2016. TPR's figures suggest that around 10% will fail to comply and receive warnings or fixed penalty notices; this would mean that a massive 50,000 UK businesses could receive warnings or heavy fines for non-compliance.

TPR is warning SMEs to plan for auto enrolment in good time, most compliance notices were issued because employers had left their preparations too late. TPR and Davis & Co recommend that businesses begin to prepare for workplace pensions 12 months before their staging date.

If you would like help or advice with auto enrolment please get in touch.

RTI Rules & Penalties:

HMRC will be imposing penalties on any late RTI submissions or payments from 6th April 2016. The size of the penalties will depend upon the number of employees within the PAYE scheme, but the minimum penalty for each late submission will be £100. If we do not prepare your wages, please make sure that you are submitting your returns on time.

HMRC have also issued a further reminder that the relaxation of the reporting rules allowing micro employers with nine or fewer employees to report monthly rather than each time they pay their employees comes to an end in April 2016. HMRC have previously announced that they will be writing to employers who are using the reporting relaxation to advise them that it is coming to an end.

Auto Enrolment – A Summary

Every employer with at least one member of staff now has new duties, including putting those who meet certain criteria into a workplace pension scheme and contributing towards it. This is called automatic enrolment and by now, if you are an employer, you will likely have received a letter from The Pensions Regulator explaining your obligations.

Employers are required by law to write to all workers explaining what automatic enrolment into a workplace pension means for them. There are different information requirements for each category of worker.

Under the new regulations, employers are required to: provide information to the pension scheme about the eligible jobholder; give enrolment information to the eligible jobholder; and make arrangements to achieve active membership for the eligible jobholder. This should be carried out within the 'joining window' (the one-month period from the eligible jobholder's automatic enrolment date).

All employers will need to register online with the Pensions Regulator within four months of their staging date.

Employers must also keep specific records about their workers and their pension scheme(s).

From October 2018 all businesses will need to contribute at least 3% on the qualifying pensionable earnings for eligible jobholders. Compulsory contributions will be phased in over a number of years. Employers are also required to make contributions for non-eligible jobholders who choose to opt in to the pension scheme.

Small businesses which do not meet their auto-enrolment obligations in time, or are offering pensions which do not comply with regulations, can be hit with fines of up to £500-a-day (£10,000 for large businesses).

Your 'staging date' is the date from which your auto-enrolment duties first apply. It is determined by the total number of people in your largest PAYE scheme, based on HMRC's records as at 1 April 2012. You can find out your staging date by visiting www.thepensionsregulator.gov.uk/staging.

You will need to identify any eligible jobholders working for you. Automatic enrolment is required for those who:

are aged between 22 years and the state pension age

have qualifying earnings above the earnings trigger for automatic enrolment

are working or ordinarily working in the UK

are not already a member of a qualifying pension scheme.

You will also need to consider whether you have an employer duty in relation to other types of workers including non-eligible jobholders and entitled workers.

Decide on the type of pension scheme you will offer. Do you have an existing scheme that meets, or can be changed to meet, the Government's requirements, or will you need to set up a new one?

There is a huge risk in not adequately preparing for auto-enrolment and this could see firms landed with pension bills they cannot afford, meaning cutbacks may have to be made elsewhere. Planning early is the way to avoid this added expense.

Employers are banned from offering incentives to their workers to opt out of an auto-enrolled pension. They are also not allowed to refuse to employ someone because they want to join the company pension scheme. The Pensions Regulator provides a whistleblowing facility to combat this and may issue penalties to those firms found breaching these rules.

There is an exemption available for Companies whose only employee is a Director. It would appear that this can also be extended to Companies with more than one employee, as long as they are all Directors with no contract of employment and are member(s) of the same family. If you believe this applies to you, please let us know and we can clarify for you.

Whatever your staging date, it is important to prepare for auto-enrolment in good time. If you want to you can enroll earlier and avoid the mad rush of everyone doing it at the same time. Further information for employers is available at www.thepensionsregulator.gov.uk

We are able to put you in contact with a Pensions Advisor should you require assistance.

Tax Avoidance:

Due to the ongoing high profile 'Tax Avoidance / Evasion' stories, we have decided to reiterate the list of ten items that serial tax avoiders need to be aware, as produced by HMRC.

1. HMRC is serious about stopping avoidance: the Government is taking unprecedented steps to clamp down on the small minority who try to avoid paying tax that is legally due.
2. Other people are getting out of avoidance: increasing numbers of people involved in multiple avoidance schemes are approaching HMRC to settle up so that they can put the past behind them and protect their reputation.
3. HMRC wants to help tax avoiders to get out of avoidance: HMRC will work with avoiders who demonstrate a commitment to resolving their avoidance arrangements to finalise their tax liability and will provide certainty over payment terms. HMRC has set up a single point of contact to help establish the possible terms for exit from each scheme a serial avoider uses.
4. HMRC is moving more quickly to tackle serial avoiders: as they close in and increase their focus on this minority, HMRC will look ever more carefully at those who use multiple schemes.
5. The tax avoider is the one who is responsible: even if a promoter or agent has arranged the avoidance scheme for the user, the avoider remains responsible for their own tax affairs and what is put on their tax return. Serial avoiders will personally have to provide HMRC with information and documents regarding their tax affairs.
6. HMRC has a special unit looking at tax avoiders: the Serial Avoiders Unit is identifying users of multiple schemes who choose not to approach HMRC to settle their affairs.
7. Tax avoiders may personally have to attend meetings with HMRC investigators: HMRC will ask questions about their tax affairs and will be checking that they have the full facts about their arrangements.
8. HMRC will look at all the tax avoider's tax affairs: serial avoiders will be subject to a more co-ordinated approach to challenge and resolve their tax affairs. HMRC will look at their current activity, not just enquiries that are already open. And they will look at all the entities and structures the tax avoiders are connected with, to challenge any avoidance and evasion in all areas of their affairs.

Tax Avoidance………..continued

9. Tax avoiders may have to pay up front: HMRC will fundamentally reduce the incentive to engage in serial tax avoidance and recover all duties legally due at the earliest opportunity. Multiple users of schemes may receive Accelerated Payment Notices before other users of a scheme.
10. There are heavy sanctions: HMRC will evaluate the behaviour of each serial avoider and this could result in penalties for careless or deliberate behaviour or for any failure to disclose avoidance. Deliberately misleading or concealing information from HMRC could lead to prosecution and criminal conviction.

None of the above comments should stop you considering strategies that minimise your tax position based on current law and best practice. One thing that HMRC has failed to mention in the above list is the number of taxpayers in the UK who pay too much tax because they failed to claim allowances and reliefs available. This underlines that planning is critical especially if your tax affairs are complex.

Beware of Social Media!!

HMRC are still routinely checking Facebook & other Social Media and are catching people out!! Watch what you put on your status if you're on FB or other such Media's:

Such as "*had a brilliant day selling, been on amazing expensive holiday to Barbados, Lots of School Trips for children, paying a fortune for my Daughters' Wedding*"

These are all the things they are looking at, and they will be seeing if your lifestyle fits your earnings, and can use this as a reason to check your business affairs.

Life Insurance Policies:

The tax rules for part surrenders and part assignments of life insurance policies will be changed to prevent excessive tax charges arising on these products. The legislation is due in The Finance Bill 2017, following consultation. There will also be a consultation on changes to the categories of assets that life insurance policyholders can choose to invest in without giving rise to an annual tax charge under the personal portfolio bond legislation..

HMRC Scam E-Mails:

HMRC are still warning taxpayers to be wary of the continuing e-mail phishing scams that claim to offer tax rebates in return for bank account details. They are still receiving thousands of reports of phishing scam e-mails every year.

HMRC states that it never contacts taxpayers via e-mail regarding a refund and advised anyone who receives an email claiming to be from HMRC:

- not to click on any links or attachments
- forward it to phishing@hmrc.gsi.gov.uk and then
- delete it permanently.

How to tell if an email is fraudulent:

As well as spelling mistakes and poor grammar, there are a number of things you can look out for to help you recognise a phishing/bogus e-mail. For example, look out for a sender's email address that is similar to, but not the same as, HMRC's email addresses. Fraudsters often have email accounts with HMRC or revenue names in them (such as refunds@hmrc.org.uk'). These email addresses are used to mislead you. However be aware, fraudsters can falsify (spoof) the 'from' address to look like a legitimate HMRC address (for example '@hmrc.gov.uk').

HMRC have published advice and examples of typical fake emails at: www.hmrc.gov.uk/security/index.htm

Company Secretary Role:

We are currently reviewing clients that have only a single Director and no Company Secretary, or where there are Husbands and Wives as either both Directors or one a Director and one as Company Secretary.

This is because a scenario has been identified where a problem can arise with a Company operated by a sole Director with no Company Secretary. The scenario is that the Director can either pass away suddenly or become incapacitated, in a coma for example, and leave this Company without anyone authorised to operate the Limited Company in relation to Companies House. Therefore the Company in effect could not operate until either a Will had been settled, or a Power of Attorney secured.

It has also been highlighted that this could also occur where the only officials in a Company are Husband and Wife (or Partners). This is because there is a higher chance of you both being together if there was a car accident or an accident on holiday, then there would be if it was two non-related individuals were acting for the Company.

As this has been brought to our attention, we are notifying all affected clients. We do offer a Company Secretary Service, and this is already the case for a large number of our clients. Davis & Co, have no authority to sign or undertake any responsibilities, and take control or run the Company on your behalf, it is purely a measure to ensure that someone authorised is always available to deal with Companies House on behalf of the Company.

Official Interest Rate:

HMRC have confirmed that the official rate of interest (used, for example, to calculate a taxpayer’s benefit-in-kind charge on beneficial loans) will remain at 3% for the 2016/17 tax year. The rate was reduced in the 2015/16 tax year from 3.25%, however, there is no indication that a further reduction is planned.

When Was The Last Time You Reviewed Your Will?

Do you have any idea if your estate will have an inheritance tax liability when you die? How much will it be? Who will have to pay it?

Planning opportunities arise if:

- If you have assets that you would like to give away.
- If you have any interests in a business or company, or own agricultural property.
- If you have assets that you would like to gift, but are concerned that other parties may seek to control those assets against your wishes.

These and many other scenarios, particular to your circumstances, may be available. The key is to explore these planning strategies before the burden of responsibility for settling tax is passed to your executors, and ultimately, your family and beneficiaries.

Fake Trade Mark Renewals Reminders:

The Intellectual Property Office (IPO) have notified that some trade mark owners have received unsolicited 'reminders' from companies offering services to renew their intellectual property rights in return for a substantial fee.

If you receive an unsolicited 'reminder' or invoice, do not sign or pay it until you have checked to see what services are being offered and that it is from an official source. These companies are NOT linked to any Government or Community institution and you are NOT obliged to pay their fees, which are much higher than the official renewal fees. These companies are issuing unofficial 'reminders many months before due renewal dates.

The IPO will issue you an official reminder 3 months before the due renewal date of your trade mark, which will explain the simple process through which you can renew your trade mark, if you wish to do so. If in doubt, you should checked with your trade mark attorney, solicitor or representative.

Child Benefit Clawback:

If you receive Child Benefit and either you or your partner has income in excess of £50,000, you are required to complete a Self Assessment Tax Return in order to calculate how much of the Child Benefit you have received and may have to pay back.

If you or your partner earns £60,000 or over and this is not likely to change, you may want to consider stopping receiving Child Benefit all together, thus avoiding the requirement to submit a Tax Return or pay back the Benefit. However, if your income is between £50,000 and £60,000 or your income fluctuates, you should continue to receive the Benefit and be prepared to pay back what you owe via Self Assessment.

You can choose to stop or restart your Child Benefit at any time. Use the Child Benefit tax calculator to work out how income changes affect the tax charge.

Phased Rollout of Tax-Free Childcare:

The Treasury, along with HMRC and the Department for Education, has published a new guide, 'Tax-Free Childcare: 10 things parents should know'.

This states that the scheme will be launched from early 2017 and will be rolled out gradually to families, with parents of the youngest children able to apply first.

It is available for children up to the age of 12, and will also be available for children with disabilities up to the age of 17, as their childcare costs can stay high throughout their teenage years.

All eligible parents will be able to join the scheme by the end of 2017. They will be able to open an online account, which they can pay into to cover the cost of childcare with a registered provider. This will be done through the government website, gov.uk.

For every 80p paid in, the government will top up the account with 20% of childcare costs up to a total of £10,000 - the equivalent of up to £2,000 support per child per year (or £4,000 for disabled children).

To qualify, parents will have to be in work, and each earning around £115 a week and not more than £100,000 each per year.

Unlike the current scheme employer-supported childcare, the new scheme does not rely on employers making the option available, which the government says means double the number of families will be able to benefit.

In addition, self-employed parents will be able to get support with childcare costs, unlike the current scheme. To support newly self-employed parents, there will be a 'start-up' period during which self-employed parents will not have to earn the minimum income level.

The scheme will also be available to parents on paid sick leave and paid and unpaid statutory maternity, paternity and adoption leave.

Parents and others, including family members and employers, can pay money into the childcare account as and when they like, building up a balance for periods where more childcare is needed such as over the summer holidays.

The guidance says there will be a light-touch process for parents using the scheme who will need to re-confirm their circumstances every three months via the online system, and there will be a simple log-in service where parents can view accounts for all of their children at once.

If family circumstances change, or parents no longer want to pay into the account, then they will be able to withdraw the money they have built up. If they do so, the government will withdraw its corresponding contribution.

Alongside the new scheme, the current employer-supported childcare scheme will continue and there is no obligation for parents to switch to tax-free childcare. The current scheme will remain open to new entrants until April 2018, and parents already registered by this date will be able to continue using it for as long as their employer offers it.

Savings:

Premium Bonds:

The previously announced increased in the premium bond investment limit from £40,000 to £50,000 took effect from 1st June 2015. This is an individual limit so a couple has a total investment limit of £100,000 from that date.

Personal Savings Allowance:

The Chancellor in the Budget announced the creation of a new personal savings allowance which will apply to bank and building society interest. The personal savings allowance will apply to up to £1,000 of a basic rate taxpayer's savings income and up to £500 of a higher rate taxpayer's savings income each year. The personal savings allowance will not be available to additional rate taxpayers. It remains to be seen whether it will apply to foreign interest.

As part of these reforms, HMRC will introduce automated coding out of savings income that remains taxable through the PAYE system. This will mean tax would no longer be deducted at source.

The personal savings allowance will be in addition to the tax advantages currently available to savers from Individual Savings Accounts.

Individual Savings Accounts (ISA's):

The annual ISA investment limit for 2016/17 will be unchanged at £15,240, but in 2017/18 will jump to £20,000. The limit for the Junior ISA (JISA), which is attracting more university-fee-planning investors, will stay at £4,080 for 2016/17. 6th April will see the launch of the Innovative ISA, which allows investment in peer-to-peer (P2P) lending. This potentially offers higher rates than the miserable yields on cash ISAs, but without security of capital or any deposit protection scheme coverage. From the same date new flexibility will be introduced to cash ISAs, allowing you to replace any amount of withdrawn money without it counting towards your ISA allowance, provided the replacement occurs in the same tax year.

This feature has been added because the arrival of the personal savings allowance, offering up to £1,000 of tax-free interest, has reduced or eliminated the benefits of a cash ISA for many savers.

Nevertheless, ISAs remain one of the simplest ways to save tax, with nothing to report or claim on your tax return. The annual limit may be modest, but over time substantial sums can build up: if you had maximised your ISA investment since they first became available in April 1999, you would by now have placed over £150,000 largely out of reach of UK taxes.

Remember ISAs are now inheritable by surviving spouses or civil partners, a process which is due to be simplified later in 2016 to avoid any income or CGT during the estate administration period.

Lifetime ISA's (LISA):

A new Lifetime ISA will be available from April 2017 for adults under the age of 40. Individuals will be able to contribute up to £4,000 per year and receive a 25% bonus from the government. Funds, including the government bonus, can be used to buy a first home at any time from 12 months after opening the account, and can be withdrawn from age 60 completely tax-free.

Further details of the new account, which will be available from 2017, are as follows:

- Any savings an individual puts into the account before their 50th birthday will receive an added 25% bonus from the government.
- There is no maximum monthly contribution and up to £4,000 a year can be saved into a Lifetime ISA.
- The savings and bonus can be used towards a deposit on a first home worth up to £450,000 across the country.
- Accounts are limited to one per person rather than one per home, so two first time buyers can both receive a bonus when buying together.
- Where an individual already has a Help to Buy ISA they will be able to transfer those savings into the Lifetime ISA in 2017, or continue saving into both. However only the bonus from one account can be used to buy a house.
- Where the funds are withdrawn at any time before the account holder is aged 60 they will lose the government bonus (and any interest or growth on this) and will also have to pay a 5% charge.
- After the account holder's 60th birthday they will be able to take all the savings tax-free.

Help to Buy ISA's:

If you're a first time buyer, save up to £200 a month towards your first home with a Help to Buy ISA and the government will boost your savings by 25%. That's a £50 bonus for every £200 you save. You can receive a bonus of up to £3,000.

A summary of the facts are as follows:-

- New accounts will be available for 4 years, but once you have opened an account there's no limit on how you long you can save for.
- Accounts have been available through banks and building societies since Autumn 2015.
- You can make an initial deposit of £1,000 when you open the account – in addition to normal monthly savings.
- There is no minimum monthly deposit – but you can save up to £200 a month.
- Accounts are limited to one per person rather than one per home – so those buying together can both receive a bonus.
- Only available to individuals who are 16 and over.
- The bonus is available to first time buyers purchasing UK properties.
- Minimum bonus size of £400 per person.
- Maximum bonus size of £3,000 per person.
- The bonus will be available on home purchases of up to £450,000 in London and up to £250,000 outside London.
- The bonus will be paid when you buy your first home

If you save £12,000, the government bonus will boost your total savings to £15,000.

Salary, Dividend or Pension Contribution?

When you work for your own company you can decide how much salary to pay yourself, how much to pay into your pension fund, and what proportion of the remaining profits to take as a dividend. The split is important as it will affect the tax and national insurance payable by you and your company.

A salary just sufficient to be covered by your personal allowance (£11,000 for 2016/17), will be tax free, assuming you have no other income. However, if your company has more than one employee (including directors), a salary of over £10,000 (for 2016/17) will mean the recipient has to be automatically enrolled in the company's pension scheme, under the auto-enrolment rules.

You must pay national insurance contributions (NIC) at 12% on your salary above £8,060. The company will also pay employer's NIC on that salary. However, most companies are entitled to an employment allowance of up to £3,000 p.a. to set against Employers NIC due for all the employees. This means the company doesn't pay over employer's NIC until the £3,000 allowance is used up, through the year.

You could pay yourself a salary just under the NI threshold of £8,060, so you receive an NI credit towards your state pension, but you don't actually pay any tax or NI. However, at that annual salary level you will be "wasting" £2,540 of your tax free personal allowance, unless you have other income to cover it.

There are changes to the levels at which dividends can be drawn without incurring extra tax, and this is explained in more detail later in the newsletter.

Finally, don't forget your company can make contributions into your pension scheme and get a tax deduction for the cost. From 6 April 2015, if you are aged 55 or more you will be able to draw all funds from that scheme, although 75% of the fund will be taxable in your hands.

The implications of drawing funds out of a pension scheme can be complex and irreversible, so you should take advice from a financial adviser registered with the financial conduct authority (FCA) before making any decisions concerning pensions.

Rent a Room Scheme:

HMRC's Rent a Room Scheme has now become an even better way to bring a little extra money into your household without incurring tax, with a significant increase in the threshold from 6th April 2016. The Scheme only applies to owner occupiers and tenants who receive rent from letting furnished accommodation in their only or main home. If your gross receipts (before expenses and including any amounts received for meals, goods and services provided, such as cleaning or laundry) and any balancing charges do not exceed £7,500 you will be exempt from Income Tax on any profits made. You can however, opt out of Rent a Room; you may want to do this if you have made a loss.

If your gross receipts are more than £7,500 you can choose between paying tax on:

- your actual profit (gross rents minus actual expenses and capital allowances), or
- gross receipts (and any balancing charges) minus £7,500 – with no deduction for expenses or capital allowances.

Rent a Room relief applies to a tax year and the limit reduces to £3,750 if you are letting jointly.

Rent a Room does not apply to income from accommodation used as an office or for business other than by genuine lodgers (for example, students who are provided with study facilities in their lodgings, or lodgers who do some work in your home in the evenings or weekends).

Revenue states, "The increase to the Rent a Room relief threshold delivers the government's objective of supporting individual's living standards. The measure will also reduce and simplify the tax and administrative burden for those with Rent a Room income greater than the previous level of £4,250."

State Pension Top Up:

Pensioners who will miss out when the new state pension is introduced have just been given the chance to top up their pension entitlement by up to £25 a week. The scheme will be of particular interest to women and the self employed who may have little, or no, additional state pension entitlement.

Do you qualify?

Those who reach state pension age before 6 April 2016 will qualify.

How and by when?

You need to make a one-off lump sum class 3A Voluntary National Insurance Contribution by 5 April 2017, and you can apply online or over the phone.

How much does it cost?

This depends on your age when you make the payment. Rates are gender neutral. For example, the full £25 a week – £1,300 a year – costs £22,250 for a 65 year old, but only £16,850 for someone ten years older. It may therefore make sense to wait until your next birthday.

Is it inheritable?

In most cases a surviving spouse or civil partner will inherit between 50% and 100% (depending on your date of birth) of the pension following your death. Children or other people cannot inherit the benefit.

Other advantages and disadvantages?

The top-up pension is inflation proofed (although not quite to the extent of the normal state pension) and it is guaranteed for life. However, it is taxable and so not such a good deal if you are taxed at higher rates. The additional income could also impact on income-related benefits.

Is it a good deal?

Ignoring tax and inflation proofing, a 65 year-old needs to live for 17 years to recover the contribution, and a few years more if tax is taken into account. So it’s probably a good deal if you are in good health, not paying tax at higher rates and have a spouse or civil partner who will inherit when you die. It is not quite so good for single people, although women gain from a longer life expectancy.

Taxation of Inherited Annuities:

Beneficiaries of individuals who die under the age of 75 with a joint life or guaranteed term annuity will be able to receive any future payments from such policies tax free where no payments have been made to the beneficiary before 6 April 2015. The tax rules will also be changed to allow joint life annuities to be paid to any beneficiary. Where the individual was 75 or over at death, the beneficiary will pay income tax at their marginal rate(s). The only time you would be taxed if you are under 75, is if it is money from an old draw-down account (a caped fund or fund first assessed before 6th April 2015).

Pension Flexibility:

There will be a number of changes to the pension flexibility rules. These include making lump sums payable on serious ill-health tax free before age 75 and taxable at the individual's marginal rate when paid at age 75 or more. It will be possible to convert dependants' flexi-access drawdown accounts to nominees' accounts when dependants reach the age of 23, thereby avoiding a 45% lump sum tax charge.

A trivial commutation lump sum payment will be allowed for defined contribution pensions in payment, where total pension savings would be under £30,000. Top-ups to fund dependants' death benefits will be classed as authorised payments. Changes will also be made to the treatment of charity lump sum death benefits. The measures will take effect from the date of Royal Assent to The Finance Bill 2016.

Lifetime Allowance:

The Lifetime Allowance for pension for the 2016/17 tax year remains at £1 million. Transitional protection for pension rights already over £1 million will be introduced alongside this reduction to ensure the change is not retrospective. The lifetime allowance will then be indexed annually in line with CPI from 6 April 2018. There is no change to the annual allowance, which remains at £40,000.

Corporation Tax Rate:

The main rate of corporation tax will remain at 20% for the 2016/17 tax year, as previously announced. The planned reduction in the rate of corporation to 19% from 1 April 2017 remains unchanged. There is now a planned reduction in the main rate to 17% for the financial year commencing 1 April 2020.

Corporate Tax Loss Relief:

The government will introduce two reforms to corporate tax losses from April 2017. First, losses arising on or after 1 April 2017 will be useable, when carried forward, against profits from other income streams or other companies within a group. Second, from 1 April 2017, companies will only be able to use losses carried forward against up to 50% of their profits above £5 million. For groups, the £5 million allowance will apply to the group.

VAT:

VAT Registration & De-Registration Thresholds:-

The taxable turnover threshold, which requires a person to register for VAT, will be increased from £82,000 to £83,000 per year from 1 April 2015. The threshold below which a VAT-registered person may apply to deregister will be increased from £80,000 to £81,000 per year.

VAT Rates remain unchanged, so the standard rate is 20% and the reduced rate is 5%.

VAT: Overseas Businesses and On-line Marketplaces:

Changes will be made to the existing rules which allow HMRC to direct an overseas business to appoint a VAT representative with joint and several liability. A new provision will then enable HMRC to hold an online marketplace jointly and severally liable for the unpaid VAT of an overseas business that sells goods in the UK via that online marketplace.

The objective of this measure is to give HMRC strengthened operational powers to tackle the non-compliance from some overseas businesses that avoid paying UK VAT on sales of goods made to UK consumers via online marketplaces. It is directed at getting overseas businesses, that are or should be VAT registered in the UK, paying VAT due either directly or through a VAT representative.

The measure will have effect from Royal Assent to The Finance Bill 2016.

Subcontractors (CIS System):

From 6 April 2016 changes a number of changes have been implemented with regards to CIS, and are summarised below:-

- Mandatory online filing of CIS returns will be introduced with the offer of alternative filing arrangements for those unable to access an online channel by reason of age, disability, remote location or religious objection.
- The directors' self assessment filing requirements will be removed from the initial and annual compliance tests.
- The threshold for the turnover test will be reduced to £100,000 in multiple directorship situations.

From 6 April 2017 mandatory online verification of subcontractors will be introduced.

Should you feel that you may be involved within the scope of the Construction Industry and that the CIS Scheme may affect you, please contact us straightaway, as severe penalties can be levied for non-compliance.

Goodwill:

Currently, when a company acquires goodwill or customer related intangibles from an unrelated party, it can claim a Corporation Tax deduction for amortisation recognised in its profit and loss account. Alternatively, the company can elect for a fixed deduction of 4% a year. If, on disposal, the company makes a loss, this usually forms part of the company's trading profit or loss for the year.

Legislation will be introduced to withdraw relief for all goodwill and customer related intangibles acquired on or after 8 July 2015 (except where the acquisition is pursuant to an unconditional obligation entered into before that date).

If a loss arises on the disposal of assets falling into these new rules, it will be treated as a non-trade expense. This means that if the cost cannot be set off against other profits in the year of disposal, it will not be available to set off against trading profits in subsequent years.

Intangibles acquired before 8 July 2015 will continue to be treated under the old rules, so a corporation tax deduction will continue to be available for amortisation, and any loss on disposal will be treated as part of the company's trading profit or loss for the year of disposal. The purpose of this new provision is to remove the tax relief available when a business acquisition is structured as an asset purchase so that goodwill can be recognised. This will bring the rules for business asset purchases into line with those for companies who purchase only the shares of the target company.

These provisions almost put companies back to the position they were in prior to the introduction of the intangibles rules in 2002, except that indexation is not available when goodwill is disposed of at a profit.

As a result, companies may have three types of goodwill on their balance sheet: pre-2002 goodwill that is dealt with under capital gains tax principles; goodwill acquired before 8 July 2015 in respect of which amortisation can be deducted for corporation tax purposes; and "new" goodwill which is dealt with under the intangibles rules but for which amortisation is not deductible for corporation tax purposes.

A corporation tax deduction will continue to be available for amortisation on other types of intangible asset.

Capital Allowances:

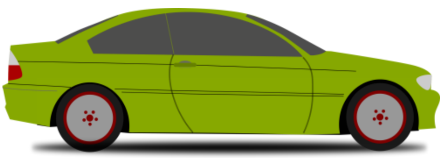
AIA:

The permanent annual investment allowance (AIA) limit will increase from £25,000 to £200,000 for all qualifying investment in plant and machinery made on or after 1 January 2016.

Businesses are currently able to offset the first £500,000 of investment in plant or machinery each year against their taxable profits. This limit was to be reduced to £25,000 from 1 January 2016.

Business Cars:

The current 100% first year allowance (FYA) on businesses purchasing low emission cars will be extended to April 2021. A low emission car is one where the CO_2 emissions do not exceed 75 gm/km and this threshold will fall to 50 gm/km from April 2018. In addition, the CO_2 emission threshold for the main rate of capital allowances for business cars will reduce from 130 gm/km to 110 gm/km from April 2018.



Capital Allowances on Business Cars:

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Limited Liability Partnerships:

HMRC continue to have the view that a partner in a limited liability partnership (LLP) is not automatically regarded as self-employed.

Depending on the nature of the partner's work, he or she may be regarded as an employee, which means that their earnings must be paid through the payroll with PAYE and national insurance deducted. Should you have any concerns regarding your status, please contact us for clarification.

Employers' Insurance:

As soon as a person becomes an employer they must obtain employers' liability insurance. The policy must include cover of at least £5m, which will cover compensation if an employee is injured or becomes ill because of their work. If insurance is not obtained, the employer may be fined up to £2,500 for every day without cover. However, this insurance may not be required if employees are family members or are based abroad. The certificate of insurance must be displayed, subject to a fine of up to £1,000 for failure to do so or to produce a certificate when requested.

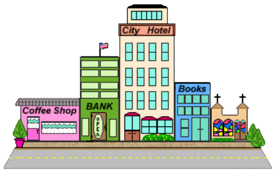
Loans to Participators:

The 25% rate of tax charged on loans to participators and other arrangements by close companies will increase to 32.5%. This applies to loans made and benefits conferred on or after 6 April 2016. This increased rate mirrors the dividend upper rate. The government has noted that this will prevent individuals gaining a tax advantage by taking loans or making other arrangements to extract value from their company rather than remuneration or dividends.

Business Rates:

Business rates have been devolved to Scotland, Northern Ireland and Wales. The Chancellor has announced cuts on business rates for half of all properties in England from 1 April 2017. In particular the government proposes to:

- Permanently double Small Business Rate Relief (SBRR) from 50% to 100% and increase the thresholds to benefit a greater number of businesses. Businesses with a property with a rateable value of £12,000 and below will receive 100% relief.
- Increase the threshold for the standard business rates multiplier to a rateable value of £51,000, taking 250,000 smaller properties out of the higher rate.



Capital Gains Tax (CGT):

The annual exempt amount for 2016/17 remains at the 2015/16 level of £11,100.

The current rates of CGT are 18% to the extent that any income tax basic rate band is available and 28% thereafter. The government is to reduce the higher rate of CGT from 28% to 20% and the basic rate from 18% to 10%. The trust CGT rate will also reduce from 28% to 20%. The 28% and 18% rates will continue to apply for carried interest and for chargeable gains on residential property that do not qualify for private residence relief. In addition, the 28% rate still applies for Annual Tax on Enveloped Dwellings (ATED) related chargeable gains accruing to any person (principally companies). These changes will take effect for disposals made on or after 6 April 2016.

The rate for disposals qualifying for Entrepreneurs' Relief (ER) remains at 10% with a lifetime limit of £10 million for each individual.

The ER gain is taxable at 10%. The residential property gain will be taxed at 28% and other gains at 20%.

External Investors and Entrepreneurs Relief:

Entrepreneurs Relief will be extended to external investors (other than employees or officers of the company) in unlisted trading companies. To qualify for the 10% CGT rate under 'investors' relief' the following conditions will apply:

- shares must be newly issued and subscribed for by the individual for new consideration
- be in an unlisted trading company, or an unlisted holding company of a trading group
- have been issued by the company on or after 17 March 2016 and have been held for a period of three years from 6 April 2016
- have been held continuously for a period of three years before disposal.

An individual's qualifying gains for investors' relief will be subject to a lifetime cap of £10 million.

Capital Gains and Employee Shareholder Agreements:

The 'employee shareholder' was a new employment status made available from 1 September 2013. Employee shareholders who agreed to give up certain statutory employment rights received in exchange at least £2,000 of shares in their employer or parent company free of income tax and national insurance. Qualifying conditions do apply.

Any eventual gains on shares received with an original value of up to £50,000 are CGT free. However, a lifetime limit of £100,000 on the CGT exempt gains is introduced on disposals under Employee Shareholder Agreements entered into after 16 March 2016.

<u>**Inheritance Tax:**</u>

Inheritance Tax (IHT) Threshold:

The IHT threshold remains at £325,000 for 2016/17. Chargeable lifetime transfers are initially charged at 20%.

Annual gifts of up to £3,000 per donor are exempt.

<u>Deeds of variation:</u>
In the March 2015 Budget, the Chancellor announced a review of the use of deeds of variation for tax purposes, and in the Summer Budget launched a call for evidence on how often deeds of variation are used to reduce tax and in which circumstances.

At the time, HMRC said it had only limited knowledge of how deeds of variation were being used in relation to tax arrangements. If made within two years of death a deed of variation can result in a change to the amount of inheritance tax or capital gains tax due.

HMRC said the aim of the consultation, which closed in early October, was to work with stakeholders to review how they are used for tax purposes to ensure that they are not being abused.

The Blue Book accompanying the autumn statement now says: 'Following the review announced at March Budget 2015, the government will not introduce new restrictions on how deeds of variation can be used for tax purposes but will continue to monitor their use.'

2016/17 PAYE Year End Dates:

5th April	End of current tax year. Full Payment Submission (FPS) with year-end PAYE information must be made under Real Time Information (RTI) in place of form P35, which is no longer required.
6th April	New Tax Year Starts.
19th April	Final submission must be made to HMRC under RTI for the year, including answering the "end of year questions". Deadline for postal payments remittance of PAYE, NICs and CIS to HMRC.
22nd April	Deadline for electronic payments to be cleared by HMRC for previous tax year
31st May	P60's to be given to all employees.
6th July	P11d's to be filed with HMRC
19th July	Class 1 A payment to reach HMRC (postal). Deadline for postal payments remittance of PAYE, NICs and CIS to HMRC.
22nd July	Class 1 A payment to reach HMRC (electronic)

Increases to National Minimum Wage / Living Wage & Penalties:

The National Minimum Wage (NMW) applies to all workers and is paid at different rates according to age. There is a separate rate for Apprentices and from April 2016 a new National Living Wages (NLW) applies to workers aged 25 and over.

The current hourly rates for the NMW & NLW are:

Age	*Rate £*
25 and over	*7.20*
21 to 24	6.70
18 to 20	5.30
16 to 17	3.87
Apprentice	3.30

The penalty for employers found not to have paid the national minimum wage doubles from 1 April 2016. The financial penalty imposed on employers that fail to pay employees the national minimum wage will increase to 200% of the amount by which a worker has been paid below the national minimum wage. The enforcement rule is the same for non-payment of the national living wage.

New Soft Drinks Industry Levy:

The government will introduce a new soft drinks industry levy to be paid by producers and importers of soft drinks that contain added sugar, however, there will be an exclusion for small operators. The levy will be charged on volumes according to total sugar content, with a main rate charge for drink above 5 grams of sugar per 100 millilitres and a higher rate for drinks with more than 8 grams of sugar per 100 millilitres.

It is proposed to introduce the measure from April 2018.

Insurance Premium Tax:

The standard rate of IPT will be increased from 9.5% to 10% with effect from 1 October 2016.

Companies House Scam E-Mails:

Companies House are also still warning people to be suspicious of any unsolicited emails, even if they look like they're from a trusted source. Companies House will never ask you to disclose personal or payment information by e-mail.

If you have any doubt that an email you receive from Companies House is genuine, please do not follow any links, open any attachments, disclose any personal details or respond to it.

Companies House have also confirmed that it will never contact you via e-mail and have advised anyone who receives an e-mail claiming to be from Companies House to:

- not to click on any links or attachments
- forward it to phishing@companieshouse.gov.uk. and then
- delete it permanently.

Companies House is unable to investigate paper copies of suspicious e-mails/websites so you will need to forward the suspicious e-mails to the e-mail address shown above.

Restriction on Landlords' Interest Relief:

The phased restriction of tax relief on interest payments by residential property landlords will start in April 2017 as already legislated. The Finance Bill 2016 will make some clarifications and amendments to ensure it operates as intended. So beneficiaries of deceased persons' estates will be entitled to the basic rate tax reduction.

It has been reported that some, crafty, buy-to-let landlords are trying to beat a major Government tax grab by investing in properties through companies instead of in their own names.

Under new rules, property investors face an extra 3 per cent stamp duty when they buy — and higher taxes on rental income.

In some cases, all their profits could be swallowed up by the tax hikes. However, experts think it may be possible to avoid the extra charges if the property is bought and owned by a limited company.

As landlords have learned of the ruse, the number of applications for mortgages from businesses has skyrocketed. Companies now account for more than a third of buy-to-let mortgage applications, up from 15 per cent in October, new figures show.

Today, buy-to-let investors who own properties under their own names pay income tax on any profit left after they have paid mortgage interest (although they can also deduct other costs, such as repair work).

Property and Trading Income Allowances:

From April 2017, the government will introduce a new £1,000 allowance for property and trading income. Individuals with property or trading income below £1,000 will no longer need to declare or pay tax on that income. Those with income above the allowance will be able to calculate their taxable profit either by deducting their expenses in the normal way or by simply deducting the relevant allowance.

Stamp Duty – Buy to Let & Second Homes:

What's changing?

- Anyone who buys additional residential property, including second homes and buy-to-lets, will have to pay an extra 3 percentage points in stamp duty from April 1, 2016.
- The additional charge applies above the current "stamp duty land tax" rates. This means there will be 3pc tax (currently zero) to pay on homes worth up to £125,000, 5pc tax (instead of 2pc) on homes that cost between £125,001 and £250,000, and 8pc (currently 5pc) on homes worth between £250,001 and £925,000.
- Homes worth up to £1.5m will be subject to 13pc stamp duty and those over this amount will incur a 15pc charge.
- In practice this means that someone buying a £450,000 house will have to pay an extra £13,500 of tax.
- Anyone buying a second home has 36 months to sell their original property. They can then get a refund on the extra tax.
- In addition, anyone who sold their home before November 2015 but does not currently own their own home has until November 2018 to buy a new one without paying the extra tax.

Gift Aid:

The maximum annual donation amount that can be claimed through the Gift Aid Small Donations Scheme will increase from £5,000 to £8,000. This has taken effect from 6th April 2016, allowing Charities and Community Amateur Sports Clubs to claim Gift Aid top-up payments of up to £2,000 a year.

The contents of this Newsletter reflects our understanding of the current Tax Law, which may change when the Finance Act goes through the House of Commons.

If any points arising from our Newsletter make you think of someone you know, please don't hesitate to let them know about us!

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