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Accounting and Tax Services

## Newsletter - November 2016

Hello and welcome to the next issue of my mini newsletter.

### Autumn statement

The new chancellor presented his first Autumn statement last week and then promptly abolished them. He has moved the budget to autumn (2017 will be the last Spring budget) to give more time for scrutiny of the proposals before the start of the tax year. As usual this Autumn statement gave a review of the economic position of the country, however there were a few announcements with more direct impact to small business and individuals to note as follows:

- 1 Long term plans mean the personal tax allowance will rise to £12,500 by 2020/21 and the higher rate threshold to £50,000. Likewise plans to reduce Corporation Tax rates mean it will fall to 17% by 2020.
- 2 SALARY SACRIFICE - From April 2017 salary sacrifice schemes will be taxed as if they are cash income. There will still be exceptions for pensions, childcare and cycle to work and ultra-low emission cars. Schemes in place before April 2017 will have transitional arrangements.
- 3 IPT - Insurance premium tax will rise from to 12% (now 10%) from 1st June 2017.
- 4 NLW - From April 2017 the National Living Wage rises to £7.50ph (currently £7.20) for those over 25. (The various rates for younger people also increase).
- 5 LETTINGS - The government proposes to ban letting agents from charging fees to tenants - there is to be a consultation and no implementation date has yet been announced.
- 6 VAT - For anyone using the flat rate scheme whose business is a "labour only business" there will be a new flat rate for VAT from 1/4/17 of 16.5% for businesses with limited costs.
- 7 ISA - the limit rises to £20,000 from April 2017.

### Tax planning

There are a few other changes from next tax year - here is a recap of some previously announced:

- 1 Corporation tax drops by 1% to 19% from 1st April 2017. If your accounts year straddles that date your profits are charged on a pro-rata basis.
- 2 From 6th April 2017 the personal allowance rises to £11,500 and the higher rate threshold to £45,000.
- 3 Two new allowances come into effect from April 2017. If you have income from trading of upto £1,000 and separately income from property of upto £1,000 there will no longer be a need to declare it or pay tax. Please note this is income not profit and primarily aimed at "hobby income", casual ebay traders, odd casual earnings etc. or in the case of property for brief lets e.g. on air bnb or renting a parking space.
- 4 Corporation tax losses - as previously announced losses brought forward will only be available to offset against up to 50% of profits in any year.

### Reminder - self-assessment filing deadline is 31 January 2017

That's all for now, as always I welcome any comments and please do get in touch if I can help with anything mentioned above, or if you have any other accounting or taxation queries.

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