



# Hazel Cooch FCCA

## Accounting and Tax Services

### Newsletter - November 2017

Hello and welcome to another issue of my mini newsletter.

#### Autumn Budget

The chancellor gave his first Autumn budget, the new season planned for all future budgets although we are promised a Spring statement. The headline this time was probably the exemption from Stamp Duty Land Tax (SDLT) for first time buyers. For properties costing less than £300,000 there will be no SDLT as long as the buyer has never owned an interest in a residential property anywhere in the world and they are buying the property to live in as their main residence. For properties upto £500,000 only the excess above £300,000 will attract SDLT. For properties above £500,000 SDLT will be charged in full.



Most of the rest of the budget was fairly unsurprising and included more anti-avoidance provisions particularly for non-residents, changes to car tax, business rates and so forth. There were also various changes to allowances covered in more detail below.

One other new item relevant to Companies that comes into force very soon, on 1st January 2018, is that they will no longer benefit from indexation allowance on Capital Gains from that date. Regardless of the date a Company disposes of a relevant asset they will only be able to claim indexation to 31/12/17.

#### Changes from April 2018 onwards

- 1 The tax free Personal Allowance for 2018/19 increases by £350 to £11,850.
- 2 The individuals higher rate (40%) tax band increases by £1,000 and now starts from taxable income over £34,500. (The additional rate band (45%) is unchanged from a starting point of £150,000).
- 3 The National Living Wage rises to £7.83ph (for those over 25).
- 4 Corporation tax rate stays at 19% for 2 more years with a planned drop to 17% on 1 April 2020.
- 5 Class 2 National Insurance (paid by the self-employed) is set to be abolished from April 2019. The rates they pay for Class 4 NIC will remain at 9% for the time being.

#### Updated matters

A couple of provisions from the pre-election budget have now been passed, as was expected:

The personal dividend allowance is being reduced from £5,000 to £2,000 with effect from April 2018. If you transferred shares to a spouse this may need to be reviewed.

Making Tax Digital (MTD) has been postponed further and now the dates when business will have to file quarterly updates with HMRC are:

- April 2019 - Businesses with a turnover above the VAT threshold for VAT purposes
- April 2020 - all other businesses for all taxes



#### Tax Return Reminder

**Deadline 31st  
January**

Individuals who need to file a self assessment tax return must do so online by the end of January, and pay any tax due.

# Newsletter - November 2017 (continued)

## VAT

The budget announced that the VAT registration threshold would remain at £85,000 for the next 2 years from April 2018, however a review of the "design" of the threshold will be carried out during this time.

The UK threshold is the highest in the OECD, for example in Germany it is about £15,600 and in Spain it is £0. A review presented to parliament this month by the Office of Tax Simplification has stated that this relatively high threshold causes distortions. Businesses operating below the threshold have a competitive advantage over those that have grown larger and must account for VAT. Some businesses deliberately suppress their turnover, both legally and illegally, to avoid going over the threshold, which also holds back growth. It also estimates the cost to the UK taxpayer at around £2 billion a year.

It is possible the VAT threshold may be reduced significantly at the end of this time although the government may also not be keen to be seen as responsible for increasing the administrative burden over over a million small businesses.

## Planning points

- 1 Marriage Allowance - if you are a married couple (or civil partnership) where one spouse does not use all of their personal allowance and the other spouse is a basic rate tax payer then you can transfer 10% of the personal tax allowance between you - for 2017/18 this could save you £230. This can be done on a self-assessment tax return if the donating spouse completes one or else online via HMRC website.
- 2 VAT - If you are a limited cost business using the new flat rate of 16.5% it is most likely that you would benefit from opting back out of the flat rate scheme. I would recommend that you now review how much input tax you could claim to see if it is worth the extra administration.
- 3 Mileage - most businesses are aware they can claim 45p a mile for business mileage in a car (for the first 10,000 miles, then dropping to 10p), but did you know there is also a mileage rate for using a bicycle at a quite generous 20p a mile. Motorbikes can also claim mileage at a rate of 24p a mile.

## General Data Protection Regulation (GDPR)

As you may be aware new EU regulations come into effect on 25 May 2018 for any organisation that handles data about EU citizens even if it is not located in the EU. Almost all businesses will be affected as almost all data will be considered personal data. There are tough penalties for non compliance so if you are a business you should urgently check your procedures meet the new requirements which include:



- Obtaining active consent (no more opt out boxes) to collect data and explain how you will use it.
- Keeping data secure and restricting access to authorised persons
- Processes to detect and notify breaches within 72 hours
- Processes to delete data once no longer needed or at the request of the data subject

That's all for now, as always I welcome any comments and please do get in touch if I can help with anything

Email: [hazel@hac-accountant.co.uk](mailto:hazel@hac-accountant.co.uk)  
Phone: 01628-471426  
Mobile: 07939-590618  
Web: [www.hac-accountant.co.uk](http://www.hac-accountant.co.uk)



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