



**TYRONE
ACCOUNTANCY
SERVICES**

CLIENT NEWSLETTER MARCH 2018

2018/19 TAX YEAR PLANNING POINTS

Income tax

Tax Bands	Income	Rates
Personal allowance	£1- £11,850	0%
Basic rate	£11,851- £34,500	20%
Higher rate	£34,501—£150,000	40%
Additional rate	Over £150,000	45%

Dividend nil rate band of £5,000 available for all taxpayers, is dropping to £2,000 from 6 April 2018. Review dividends issued during 2017/18 to ensure the full £5,000 has been claimed.

Tax relief on finance costs of residential rental properties will be restricted gradually from 6 April 2017, in favour of a basic rate tax deduction. For the tax year 2017/18 relief will be restricted to 75% of the finance costs, with the remaining 25% being available as a basic rate deduction. This may result in taxable rental profits on a property that would previously have been loss making.

It is also important to remember that child benefit gets effectively withdrawn by 1% for every £100 of income earned over £50,000, being reduced to nil once your income reaches £60,000. Where income falls within this band, mitigation by pension contributions or gift aid should be considered.

Capital and Property Taxes (CGT)

Annual exempt amount is £11,700. The rate of Capital Gains Tax (CGT) is 10%, where the total of taxable gains and taxable income is less than £34,500. Any excess gains are taxed at 20%. Where Entrepreneurs Relief

(ER) applies, the rate on the whole gain is 10%. Gains on residential properties are taxed at the higher rates of 18% and 28%. Let us know if you have ever lived in a rental property you are selling; we may be able to claim a partial principal private residence exemption and an additional letting exemption to reduce the CGT you must pay.

Corporation Tax

Main rate from 1 April 2017 19%

Bad Debts

The debtors' ledger should be reviewed in detail so that provisions and/or impairments can be made for bad debt.

Stock

The company can make a specific provision against slow-moving, damaged or obsolete stock, but a general provision is not allowed against tax.

Pension Contributions

If the company has a registered occupational pension scheme for the directors and their families, tax relief is given for contributions paid in the year.

Research and Development Tax Relief

Companies carrying out qualifying research and development (R&D) activities can save Corporation Tax, depending on the costs incurred.

Maximising Tax Relief for Capital Expenditure

Before the end of your accounting period you should seek to make use of the Annual Investment Allowance (AIA) of £200,000 and consider bringing forward such capital expenditure to obtain tax relief earlier.

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DOES YOUR ACCOUNTS SYSTEM COMPLY WITH MTD FOR VAT?

Making Tax Digital (MTD) for VAT is scheduled to start in April 2019 for VAT registered businesses with turnover over the VAT registration threshold (currently £85,000 per annum) which means that your VAT information needs to be submitted to HMRC digitally. There are very few exemptions.

Businesses will have to:

- keep their records digitally (for VAT purposes only) and
- provide their VAT return information to HMRC through Making Tax Digital (MTD) functional compatible software.

HMRC have issued new guidance for businesses with more complex VAT accounting scheme such as partial exemption as follows;

1. Only some records have to be kept digitally within functional compatible software.
2. The complete set of required digital records do not all have to be in one piece of software as long as there is a digital link between the different programmes.
3. Only the following has to be kept digitally though HMRC stress that digital links for other entries (such as fuel scale charges) will reduce the chance of errors and so HMRC would clearly prefer as much data as possible to be kept and transferred digitally:
 - Business name, address, VAT number and any special accounting schemes used;
 - The VAT account (the information in this will be used by the software to calculate and fill in the return);
 - Total of any adjustments (not the calculations underlying them);
 - Time of supply, value of supply and rate of VAT charged on supplies made;
 - Time of supply and value of supply for purchases and the amount of input tax that will be claimed;
 - The total value of outputs for the period broken down into the different VAT rates (standard, reduced, zero, exempt and outside the scope) – this has been significantly scaled down from original proposals; and
 - Daily Gross Takings (DGT) - for retailers using a retail scheme.
4. Those using the Flat Rate Scheme and the Gold Special Scheme are covered by additional requirements.

The guidance also confirms a 'soft landing period' of a year, during which record keeping penalties will not apply and there will be no mandatory digital link between non API enabled software and (e.g.) a collating spreadsheet. There will however, have to be a digital link from the outset between the spreadsheet and the bridging software that submits the return digitally.

The main point to note is that from April 2019 certain VAT records must be kept digitally that can be submitted to HMRC via API enabled software, bridging software or API enable spreadsheet. We can of course work with you to make sure that your accounting systems will comply with the new VAT rules before they start in 2019.

NATIONAL MINIMUM WAGE CHANGES

National minimum wage (NMW) rates per hour increases on 1 April 2018 as follows;

- Workers aged 25 and over is £7.83
- Workers aged 21 to 24 is £7.38
- Workers aged 18 to 20 is £5.90
- Workers under 18 (over school age) is £4.20
- Apprentices is £3.70

MINIMUM WAGE COMMON ERRORS

Top 5 errors when calculating national minimum wage;

1. Update rates for birthdays
2. Tips do not count as pay
3. Pay for all the hours treated as work
4. Are you incorrectly treated workers as volunteers, interns or self employed?
5. Are you deducting uniform costs to take wages below NMW rate?

HMRC rejected Self Assessment expenses and excuses

HMRC have released the latest list of imaginative excuses made by individuals who failed to submit their self assessment return by 31 January deadline in 2017. HMRC's annual list of outlandish excuses is used to publicise the self assessment deadline of 31 January following the end of the tax year. An automatic £100 penalty applies to those who have the obligation to complete a return and miss the filing deadline, regardless of whether the individual has a tax liability to pay or not.

Here are some of the recent excuses:

1. I couldn't file my return on time as my wife has been seeing aliens and won't let me enter the house.
2. I've been far too busy touring the country with my one-man play.
3. My ex-wife left my tax return upstairs, but I suffer from vertigo and can't go upstairs to retrieve it.
4. My business doesn't really do anything.
5. I spilt coffee on it.

HMRC have also released details of some of the weirdest expense claims which include:

1. A three-piece suite for my partner to sit on when I'm doing my accounts.
2. Birthday drinks at a Glasgow nightclub.
3. Vet fees for a rabbit.
4. Hotel room service - for candles and prosecco.
5. £4.50 for sausage and chips meal expenses for 250 days.

If you have any queries on tax matters please contact us.



GETTING TO KNOW.....



Grainne Kelly is one of the newest additions to our team. Below are a few things about Grainne :

Raised:
Trillick, Co Tyrone

Family:
1 brother, 2 sisters

Favourite holiday destination:
Las Vegas

Favourite hobby:
Shopping

Favourite food:
Indian

Favourite book/movie:
Dirty Dancing

Four celebrity dinner guest
David Attenborough, Zach Galifianakis, Jamie Dornan & Melissa McCarthy

Three words to describe Grainne:
Honest, hard working & fun

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CREATE A FEW NEW HABITS FOR 2018

Getting ahead can be a struggle at the best of times. If you want to be successful, you need to be highly disciplined. Here are a few habits of highly successful business people. Perhaps one or two of these can become your new “good habits” for 2018.

Read about your industry and beyond

Set time aside to read about your industry, related industries, current affairs, pop culture and what is trending around the world. Bookmark or tag articles that you come across throughout the day and come back to read them during your dedicated “reading time”.

Healthy mind and healthy body

The most successful entrepreneurs focus on their mental and physical fitness. The two are inextricably linked. Most IronMan triathletes are senior business people and successful entrepreneurs. A good workout helps to clear your mind and prepares you to face the daily challenges of your business.

Unplug

Time away from email, wifi and your computer is crucial for your sanity, productivity and general well-being. Try to switch off in the evenings and/or at weekends. Turn off your smartphone and focus on family life, friends and hobbies.

Listen more

The best business leaders are those that realise they cannot be the best at everything. Your greatest asset is deciphering valuable information and actioning it quickly. Spend more time listening to your people, your customers and your peers in order to make better informed decisions.

Get organised

Effective managers make lists and set daily goals to stay focused. Try to stay task oriented in order to keep on track. Schedule regular planning meetings in order to map out progress towards the achievement of the vision and goals of your business. This can help you to focus on the big picture.

Focus on your objectives

De-prioritise things which do not fit with the achievement of your objectives. Write down your key objectives. If something comes up which does not (in some way) support the achievement of your goals, de-prioritise it or if necessary, just say no. Keep focusing on your key objectives and focus on being productive.



OFFICE CLOSURE

OUR OFFICE WILL
BE CLOSED ON
MONDAY 2ND
APRIL 2018

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