



**TYRONE
ACCOUNTANCY
SERVICES**

CLIENT NEWSLETTER SEPTEMBER 2018

MAKING TAX DIGITAL FOR VAT

HMRC have now issued their detailed guidance on the digital record keeping and return requirements for Making Tax Digital (MTD) for VAT.

VAT Notice 700/22 clarifies that spreadsheets may still be used to keep business records provided that there is bridging software that links to the Government gateway.

There will however be a one year “grace” period during the first year of MTD when businesses will not be required to have digital links between software programs, referred to in the VAT Notice as a “soft landing”.

The VAT notice includes a number of helpful examples illustrating different accounting systems and the digital links required to comply with MTD for VAT.

The VAT notice is essential reading for all VAT registered businesses.

WHEN DOES MTD FOR VAT START?

The Making Tax Digital rules apply from your first VAT period starting on or after 1 April 2019. A ‘VAT period’ is the inclusive dates covered by your VAT Return.

For example, where a business submits quarterly returns covering the periods to 28 February, 31 May, 31 August and 30 November, the business will need to comply with Making Tax Digital rules for the VAT quarter starting 1 June 2019 and ending on 31 August.

“SOFT LANDING” FOR MTD FOR VAT FOR THE FIRST YEAR

For the first year of MTD for VAT (VAT periods commencing between 1 April 2019 and 31 March 2020) businesses will not be required to have digital links between software programs. The one exception to this is where data is transferred, following preparation of the information required for the VAT Return, to another product (for example, a bridging product) that is Application Programme Interface (API) - enabled solely for the purpose of submitting the 9 Box VAT Return data to HMRC. The transfer of data to this product must be digital.

For the first year of MTD for VAT (VAT periods commencing between 1 April 2019 and 31 March 2020), where a digital link has not been established between software programs, HMRC will accept the use of cut and paste as being a digital link for these VAT periods. However, for VAT periods starting on or after 1 April 2020, there must be a digital link for any transfer or exchange of data between software programs, products or applications used as functional compatible software.

USE OF SPREADSHEETS IN PREPARING VAT RETURNS

Example 3 in the VAT Notice describes a business that uses a spreadsheet and bridging software from April 2019, which allows the information to be transferred to HMRC via an API. It uses a spreadsheet to record all sales, purchases, and expenses in a digital format. The VAT Return is then prepared within the spreadsheet, using formulae already written into the spreadsheet.

The VAT Return information is then sent via a mandatory digital link to bridging software, which digitally submits the information directly to HMRC. Example 6 shows how a spreadsheet would be acceptable in order to consolidate VAT information prior to submit a Group VAT return.

If you haven't already done so, please contact us to help you get ready for this significant change in VAT accounting and reporting.



RULES FOR “RENT A ROOM” RELIEF TO BE TIGHTENED UP FROM 6 APRIL 2019

HMRC propose to restrict the availability of “rent a room” relief to situations where the taxpayer is living in the let property for at least some of the time that the accommodation is let. Hence renting out a house during Wimbledon fortnight while the owners are absent would not qualify from 6 April 2019!

Rent-a-room relief was introduced in 1992 to encourage individuals to make spare capacity in their homes available for rent. The government intended this to increase the quantity and variety of low-cost rented accommodation, giving more choice to tenants and making it easier for people to move around the country for work.

Currently rent-a-room relief gives relief from income tax for up to £7,500 of gross rental income to individuals who let furnished accommodation in their only or main residence.



CGT ON PROPERTY SALES DUE WITHIN 30 DAYS FROM 2020

Draft legislation in the next Finance Bill will introduce significant changes to the reporting of residential property disposals and the payment of CGT from 6 April 2020. Currently non-UK resident taxpayers disposing of UK residential property are required to report the disposal to HMRC within 30 days. The new legislation extends this reporting obligation to UK resident taxpayers and at the same time will introduce a new payment on account regime.

This is yet another attack on buy to let landlords who currently pay CGT on property disposals on 31 January following the end of the tax year in which the disposal took place so this change will be a significant acceleration of the payment date.

GETTING TO KNOW.....



AILEEN DONNELLY

Below are a few things about Aileen :

Raised:
Augher, Co Tyrone

Family:
4 brothers, 1 sister

Favourite holiday destination:
New York

Favourite hobby:
Shopping

Favourite food:
Chinese

Favourite book/movie:
Bridesmaids

Four celebrity dinner guest:
Channing Tatum, Jamie Dornan, Holly Willoughby and Nathan Carter

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CHILDCARE VOUCHER SCHEME

Employers regularly offer the childcare voucher scheme as a way of supporting parents within their organisation. The tax-free scheme has long been popular with working parents, allowing eligible individuals to earn up to £55 per week in childcare vouchers by way of salary sacrifice. However, given the forthcoming changes, there are some things you should consider.

You may continue offering the current scheme to eligible staff, however, it will only be available to those who sign up before October 4th, 2018. From this date onwards, any new applicants will only be eligible for the government led programme which requires no involvement on your client's behalf. This new scheme instead asks individuals to deposit funds into an account on the HMRC website, and the government will also contribute up to £2,000 per child per year.

Alternatively, you may take this opportunity to cease their involvement in the employer-led voucher scheme altogether, as this is totally voluntary, in an effort to make things more equal for all staff. However, they should consider how this will be received by those who currently benefit from it, particularly if this forms part of an attractive benefits package.



Whichever way you decide to proceed, it is important that you inform your employees appropriately, using a combination of emails, promotional posters, and informal meetings. If you plan to continue offering the scheme you should encourage interested staff to apply as soon as possible, as they must have received the first set of vouchers prior to the cut-off date if they are to be able to use the scheme.

You should amend any existing policy on childcare vouchers to make staff aware of the new options available to them. Human Resources and payroll departments will also need to work in unison to ensure only those eligible for the

employer-led scheme receive the relevant salary deductions going forwards. Line managers must also be educated on the available options, allowing them to deal with disgruntled staff who may feel that they are missing out as a result of the new scheme.

Some commentators have suggested that the government led scheme could lead to some parents losing out on funds that would have been available to them under the employer-led scheme. If you are concerned about this you may consider other efforts to support working parents in your organisation, such as partnering with a local day-care centre to see if an arrangement can be made to offer staff discounted rates for childcare. However, they are under no obligation to do so.

Ultimately you can decide whether to continue providing childcare vouchers to those who sign up before October's deadline. If you wish to change your approach, you must ensure staff are informed in good time and those workplace policies are amended accordingly.

LETTER OF ENGAGEMENT

We are currently sending out engagement letters to all our clients. The letter defines the scope of work to be carried out and the respective responsibilities of us and you the client under the engagement. This helps to avoid misunderstanding as regards to the scope of work to be carried out and the respective responsibilities of both parties.

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FUN STUFF

What's 2 + 2?

ENGINEER: "It lies between 3.98 and 4.02."

MATHEMATICIAN: "In 2 hours I can demonstrate it equals 4 with the following proof."

PHYSICIST: "It's in the magnitude of 1×10^1 ."

LOGICIAN: "This problem is solvable."

SOCIAL WORKER: "I don't know the answer, but I'm glad we discussed this important question."

ATTORNEY: "In the case of Smith vs State, 2 + 2 was declared to be 4."

TRADER: "Are you buying or selling?"

ACCOUNTANT: "What would you like it to be?"

How does an accountant stay out of debt?
He learns to act his wage.

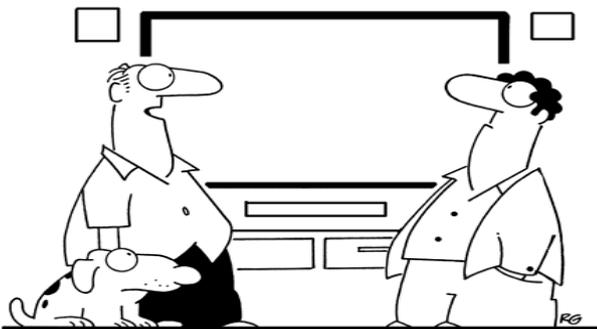
Why was the accountant so excited that he completed a jigsaw puzzle in only 59 weeks?
Because on the box it said 8-12 Years.

If an accountant's wife cannot sleep, what does she say?
"Darling, could you tell me about your work."

How does an accountant trash their hotel room?
By refusing to fill in the Guest Comment Card.

An accountant is having a hard time sleeping and goes to see his doctor. "Doctor, I just can't get to sleep at night."
"Have you tried counting sheep?"
"That's the problem – I make a mistake and then spend three hours trying to find it."

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"I can claim a 70-inch plasma TV as a business expense because my accountant said it's important to look at the big picture."

We know you know that all accountants are honest. But.....

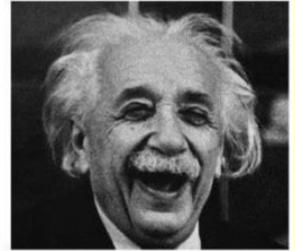
The clerk walks into the boss's office and says "The auditors have just left sir" "Have they finished checking the books?", asks the boss. "Very thoroughly" is the reply. "Well, what did they say" says the boss. "They want 15% to be kept quiet".

The company accountant is shy and retiring. He's shy a quarter of a million pounds. That's why he is retiring.

Women Always Worry about the things that Men Forget;

Men Always Worry about the things Women Remember

- Albert Einstein



QuotesBlog.net

UP COMING DEADLINES SEPTEMBER/OCTOBER 2018

Date	What's Due
1 September	Corporation tax for year to 30/11/17 unless pay by quarterly instalments
19 September	PAYE & NIC deductions, and CIS return and tax, for month to 5/9/18 (due 22 September if you pay electronically)
30 September	Deadline for submitting Irish diesel invoices for the 2017 calendar year.
5 October	Deadline for notifying HMRC of chargeability for 2017/18 if not within Self-Assessment and receive income or gains on which tax is due
19 October	PAYE & NIC deductions, and CIS return and tax, for month to 5/10/18 (due 22 October if you pay electronically)