

JTC NEWSLINE

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Making Tax Digital

These are the proposals which will be legislated in this year's Finance Act which will move most unincorporated businesses with a turnover of less than £150,000 per annum onto simplified cash basis accounting.

Then, starting in April 2108, the legislation will require all businesses in construction to provide HMRC with a quarterly return of receipts and expenses which will be able to be made online via free and purchased software.

By April 2020 the largest firms will also be affected. It is important to understand that this legislation will impact on the smallest businesses first. This includes businesses below the VAT threshold. It is intended to enable people to plan their tax liabilities better. Although the deadlines for payment of tax will remain as now, there will be a way to voluntarily pay liability quarterly.

There will, of course, be penalties for not making returns and not making them on time.

The start dates that are proposed are -

- April 2018 for sole traders and unincorporated businesses including landlords.
- April 2019 for businesses registered for VAT.
- April 2020 for companies and Corporation Tax payers.

So, paper books will become a thing of the past, as will simple excel spreadsheets. HMRC have said that it will be possible to keep records on simple spreadsheets but these will be to a design approved by HMRC and downloadable from software providers, not the home made spreadsheets everyone is currently used to creating to their own specifications. They must be capable of being downloaded to HMRC and passing through the Government Gateway.

Advice: when talking to your accountant ask what Making Tax Digital will mean for you and how your business can start to get ready. See the table below for the relevant start dates. ■

Year-end	Year of assessment	Last tax return	Payments on account		Year of assessment	1st y/e in MTD	Quarterly return deadline (one month after period end)				Finalisation date	ITR date would have been
							1	2	3	4		
5/4/18	2017/18	31/1/19	31/1/18	31/7/18	2018/19	5/4/19	5/8/18	5/11/18	5/2/19	5/5/19	31/1/20	31/1/20
30/6/18	2018/19	31/1/20	31/1/19	31/7/19	2019/20	30/6/19	31/10/18	31/1/19	30/4/19	31/7/19	30/4/20	31/1/21
30/9/18	2018/19	31/1/20	31/1/19	31/7/19	2019/20	30/9/19	31/1/19	30/4/19	31/7/19	31/10/19	31/7/20	31/1/21
31/12/18	2018/19	31/1/20	31/1/19	31/7/19	2019/20	31/12/19	30/4/19	31/7/19	31/10/19	31/1/20	31/10/20	31/1/21
31/3/19	2018/19	31/1/20	31/1/19	31/7/19	2019/20	31/3/20	31/7/19	31/10/19	31/1/20	30/4/20	31/1/21	31/1/21

When planning permissions go wrong - warning

Recent tax cases have shown that for zero rates to be available for housebuilding projects there must be planning permission for the work in place at the time the work is done.

It is not good enough for an architect to say that planning permission has been applied for, or is certain to be granted retrospectively. VAT is a curious tax and planning permissions must be in place before a job is commenced. ■

Rate increases

Have you been affected by a major increase in your rates?

The JTC works with Gerald Eve, a major firm of surveyors who are lobbying the Government for amendments to help those affected by major change. Please email Liz Bridge with details of the property concerned and the scale of the change and we will use your details (made anonymous) in the campaign.

Contact: liz@thetaxbridge.com ■

PAYE payrolling benefits

Did you know you can include employees' expenses and benefits in their pay? It's called payrolling and means most expenses and benefits can be taxed through your payroll instead of your employees' tax code. Taxing expenses and benefits through your payroll means your employees will pay the right tax at the right time.

You'll need to let HMRC know before the start of the tax year for which you want to payroll. Just register before 6th April 2017 for the 2017-18 tax year using HMRC's payrolling benefits and expenses online service.

Act now and give yourself more time to check your software and tell your staff before 6 April 2017. ■

Are you a pension scheme trustee?

An RSM (once Baker Tilly) report, "Pension Fraud: sleepwalking into crisis", talks of one in three pension schemes being affected by fraud in the last 5 years. It says that trustees frequently fail to recognise that they are responsible for the systems that detect and prevent fraud. The most common type of fraud cited was pensioner existence fraud where pensions were claimed by relatives of pensioners who had died.

Consider what your trustee board is doing about fraud risk - and consider it annually. ■

Van benefit rates 2017/18

From April 2017 the van benefit rates will increase to £3,230 (2016/17 rate £3,170) and van fuel benefit will increase to £610 (2016/7 rate £598). ■

Off payroll working in the public sector

Many people working in construction work through their own private limited companies. Whilst legislation was introduced several years ago to try to make these small companies pay PAYE on any receipts that came because the work of one individual was required by the ultimate engager, the legislation really hasn't worked very well.

The next attempt from HMRC to tax these companies is the introduction of legislation which starts in April 2017 and will only bite when the personal service company (PSC) is engaged by the public sector - to work for the health service, a government department etc. In this circumstances the public sector accounts department will have to decide whether the new rules apply and whether PAYE must be applied. Gossip in the accountancy world suggests that public departments will err on the side of caution and tax most people.

If you or anyone you know has their own personal services company and works in the public sector they should look at the HMRC guidance document "Off payroll working in the public sector – guidance for individuals using PSCs".

Visit www.gov.uk/guidance/off-payroll-working-in-the-public-sector-personal-service-companies ■

Apprenticeship funding - how it will work

The Department for Education Notice 6 February 2017 has been issued to explain how the funding of employers will work.

www.gov.uk/government/publications/appentice-ship-levy-how-it-will-work ■

If you have a query regarding any of the items featured in this issue of newslines please contact Liz Bridge.

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