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# SPRING NEWSLETTER

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## MAKING TAX DIGITAL (MTD) - the deadline has now arrived!!

VAT registered businesses **above** the registration turnover limit of **£85,000 pa** will be required to submit their VAT Returns **that commence in April 2019** using digital accounting software or spreadsheets with bridging software. This means, in many cases, you may need to change the way you are keeping your accounting records and/or filing your VAT Returns.

**AFTER** your VAT Return that either ends on **31 March, 30 April or 31 May 2019** has been submitted your business **MUST** sign up for MTD for VAT. To ensure you are ready for these changes here are the key steps to follow:

For businesses who submit their own VAT Returns:

1. Ensure you are now using HMRC approved compatible digital software to record your business records.
2. Ensure you have a current government gateway user ID, password and your VAT number to hand.
3. Go to webpage <https://www.gov.uk/guidance/making-tax-digital-for-vat>
4. Sign up your business to *Making Tax Digital for VAT* and complete the application online.
5. Within three working days you will receive an **activation code** from HMRC to complete enrolment.
6. Go to your Accounting software and authorise the software for MTD. **ALL** future Vat Returns will now need to be submitted directly from your software.

For businesses who wish to continue using a spreadsheets solution to record their accounting records, in order to be compliant a bridging software must be purchased and then steps 2 to 5 above should be followed to ensure you are MTD ready.

For businesses for whom we are authorised as **VAT agents** to file their VAT Returns:

- \* Shortly after the submission of your next VAT Return we will sign your business up for MTD for VAT.
- \* We will receive an email that contains an **activation code** that we will use to complete your enrolment.
- \* We will then need to authorise your digital software with your new submission credentials.
- \* We will continue to monitor your accounting records and ensure you will be ready to submit your first MTD VAT Return.
- \* Our one off costs for support, training and registration for MTD will be incorporated in our first VAT invoice after MTD has been activated.

Any relevant business who does not think they are prepared and would like our help must contact us **NOW** so changes can be put in place immediately. We are authorised resellers for QUICKBOOKS, SAGE & XERO at below retail prices.

## HIGHER RATE TAXPAYERS

For the coming tax year, 2019/20, taxpayers with a total income exceeding **£100,000** per annum will gradually lose the Personal Allowance of £12,500, which will increase their annual tax bill by up to £5,000.



Taxpayers with total income exceeding **£150,000** per annum will pay 45% tax on their income over this limit for 2019/20. There maybe some planning possibilities with the use of companies, depending on individual circumstances, which Wendy or Martin will be pleased to review with you.

If a taxpayer or their partner gets **Child Benefit**, and either of them has an income above £60,000 in a tax year you will be able to elect **not** to receive the Child Benefit **or** you will have to pay a tax charge through the self assessment Tax system. Taxpayers with income between £50,000 and £60,000 will still find it beneficial to receive the benefit and pay the sliding scale tax charge. More information is available at [www.hmrc.gov.uk/childbenefitcharge](http://www.hmrc.gov.uk/childbenefitcharge). Please note we will require Child Benefit details to complete your **Tax Returns**.

## COMPANY DIVIDENDS

From **April 2019** the Dividend Allowance will remain at £2,000 (having fallen from £5,000 p.a. in 2017/18) and above this limit any Dividend income will be taxed at 7.5% for basic rate taxpayers, 32.5% for income within the higher rate tax band and 38.1% for the additional rate band.

## NATIONAL LIVING & MINIMUM WAGE

From **1 April 2019** all employees minimum wage rates increase as follows:

- \* Over 25 years of age the rate increases to **£8.21** per hour
- \* Over 21 the rate increases to **£7.70** per hour
- \* Over 18 the rate increases to **£6.15** per hour
- \* Non-Apprentice workers over 16 the rate increases to **£4.35** per hour
- \* Apprentice rate workers under 19 years old or in their first year increases to **£3.90** per hour



In addition guaranteed and in some cases non-guaranteed overtime must be added to basic pay rates when calculating holiday pay.



## AUTO-ENROLMENT EMPLOYER PENSIONS

The rates for employees and employers pension contributions will change again from **6 April 2019**. The minimum employee contribution is increased to **5%** of qualifying earnings and employers contributions increased to **3%**. Full details of your duties and changes are available at [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk) It is not anticipated that these rates will increase next year.

## PAYROLL ONLINE PORTAL -paperless and secure

Many employers are taking advantage of the new online payroll portal we can offer employers who use our Payroll bureau services, which provides online administration of employers payslips, reports, P60 forms and other payroll documentation. If you are not already signed up and wish to receive your payroll documentation by electronic means please call us and we can discuss this with you.

## LANDLORDS—a reminder of the ongoing changes

- \* Deductions for **mortgage interest relief** are being reduced over a 3 year phased period from 2017/18 to a maximum of 20% relief affecting all higher rate taxpayers that have significant mortgaged rental property income. The Tax Returns completed for 2018/19 will therefore restrict any higher rate tax relief to 50% of the interest paid.
- \* **Stamp Duty** payable on the purchase of second homes by individuals and all purchases by companies increased by 3% from April 2016.
- \* **Wear and Tear Allowance** on furnished rentals has been abolished and instead actual costs of *replacement* equipment is now deductible so it is important a record is kept of all costs incurred.

*This Newsletter is a brief synopsis of matters which may affect you as we approach another tax year end. If you would like to discuss any of these items in more detail and their effects on you personally, please do not hesitate to call us. If you do not want to receive our newsletters in the future please contact us and you will be removed from this mailing.*