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SPRING NEWSLETTER

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IR35 (OFF-PAYROLL) RULE CHANGES—NO MORE DELAYS

The Off-Payrolling changes for limited companies providing services to large companies (turnover > £10.2m typically) are **definitely** being applied from **6 April 2021**. If you are in this situation, your client company should issue you with a *Status Determination Statement* and if you are deemed to be within the rules, you will have three options:-

- ◆ **Appeal** the decision if you don't agree with it. (It may help if you can show you have completed the HMRC 'CEST' tool and your result has disagreed with their decision)
- ◆ **Accept** the decision and agree to be paid via an umbrella company - Tax & NI will be deducted from your fees (together with an admin fee) but you will NOT be entitled to any employment benefits such as paid holiday, pension or sick leave.
- ◆ **Accept** the decision and continue to use your Company - Tax & NI will still be deducted from your fees but for the first year or if you have a number of different clients might still be beneficial.



CONSTRUCTION INDUSTRY VAT CHANGES—REVERSE CHARGE



From **1 March 2021** any vat registered business within the construction industry that makes standard rated supplies to other contractors, who are also within the construction scheme, **must NOT charge VAT** on this work.

This rule only applies where your customer is also making an onward sale of construction services. Invoices **MUST** be amended to state this change and a special scheme vat code must be used for VAT Return completion so please ensure your accounting software has been updated.

Advance confirmation from your customer should be obtained to determine if they are an end-user to ensure the correct vat rate is used.

CAPITAL GAINS ON RESIDENTIAL PROPERTY SALES

If Capital Gains Tax is payable on a residential property sale, the calculation has to be submitted online to HMRC and any tax paid within **30 DAYS** of the sale completion date.

In order to deal with this you will need to:

- ◆ Set up a Personal Tax Account with HMRC at www.gov.uk/personal-tax-account
- ◆ Create a Capital Gains Tax UK Property Account and reference from your Personal Tax Account.



Once you have your reference number we will be happy to help you prepare and submit the online Return.

HIGHER RATE TAXPAYERS

For the coming tax year, 2021/22, taxpayers with a total income exceeding **£100,000** per annum will gradually lose the Personal Allowance of £12,570, 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 2021/22. There may be 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 they will be able to elect **not** to receive the Child Benefit or they will have to repay all or part of the benefits 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 make the sliding scale repayment. More information is available at www.hmrc.gov.uk/childbenefitcharge. Please note we will require Child Benefit details to complete your **Tax Returns**.

NATIONAL LIVING & MINIMUM WAGE

From **April 2021** all employees minimum wage rates increase as follows:

- * Over 23 (previously 25) years of age the rate increases to **£8.91** per hour
- * Over 21 the rate increases to **£8.36** per hour
- * Over 18 the rate increases to **£6.56** per hour
- * Non-Apprentice workers over 16 the rate increases to **£4.62** per hour
- * Apprentice rate workers under 19 years old or in their first year increases to **£4.30** per hour



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

COVID-19 RELATED NEWS

Working from Home - For the 2020/21 tax year any director or employee that has worked from home due to covid-19 regulations at anytime during the year will be able to claim £6 per week (£312 p.a.) as an expense deduction against employment income for home use expenses. If we complete your personal Tax Returns please ensure we are aware of your working arrangements so we can make a claim for you if applicable.



Self-Employed Grants (SEISS) - the three taxable grants paid out so far during 2020/21 will need to be shown separately in your Personal Tax Returns. Please ensure these are recorded in your books or notified to us when you give us your records this year. The remaining two grants, if claimed, will need to be declared in your 2021/22 Tax Returns.

Vat & Income Tax Deferred Payments - these **must** be paid or a payment plan agreed with HMRC by **31 March** or a 5% penalty will be imposed based on the tax deferred.

DIRECTORS & EMPLOYEES ELECTRIC CARS

Changes in the **company car** regime mean it can now be beneficial to have a car in your company as long as it has a very low CO² level or is electrically powered. From 6 April 2021 there is a 1% taxable benefit for **new** electric cars increasing to 2% benefit for 2022/23. Hybrid plug-in vehicles will have a benefit between 2% and 14% of list price dependant on electric mileage range.

COMPANIES - SUPER DEDUCTION CAPITAL ALLOWANCES

Please note the 130% Allowances in the Budget only apply to the purchase of new assets by Limited Companies contracted after 3 March 2021 and brought into use after 31 March 2021. Assets allowed will include vans and lorries but not cars. If the assets are sold on in the future an additional 30% will be added to the proceeds for tax calculation purposes.



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.