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SPRING NEWSLETTER

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SELF-EMPLOYED & PROPERTY OWNERS - 5 TAX RETURNS every year !!

From **6 April 2024**, any Sole-Trader, Partnership or Property Landlord with Income of more than **£10,000 pa** will have to keep **digital** accounting records and send **four** quarterly Returns plus an annual Tax Return direct to HMRC via approved accounting software.

In addition any business that does not currently have a 31 March or 5 April year-end will have to move their year end to one of these two dates by the start of the new reporting system. In many cases this will increase the Income Tax & National Insurance liabilities for 2023/24 although there maybe overlap relief available to mitigate this change or alternatively an election can be made to spread the increase in liability over the next five years.

We therefore strongly recommend that in the meantime if you are not currently using accounting software or a very robust spreadsheet method to record your business activities you should look into this well before the deadline so the transition is as pain free as possible. We are here to help you if you have any questions and need software recommendations and guidance.



NEW Health and Social Care LEVY starts next month !!

From **6 April 2022**, there will be a temporary 1.25% increase in Class 1, 1A & 1B National Insurance Contribution (NIC) rates to 15.05% for employers, and in Class 1 NIC for employees to 13.25% or 3.25% above the NIC upper earning limit. Please remember if you are Directors of your own companies this could result in an extra 2.5% NI payable if your salary is over the NI limit.

From **6 April 2023**, the temporary increase in NI will be replaced by a Levy at the same rates and extended to workers above the State Pension age.

The **Dividend Tax** rate is also being increased from 6 April 2022 by the same amount as the new levy - the basic rate will go from 7.5% to 8.75%. In view of this Directors/Shareholders may wish to consider taking more dividends this year before 5 April 2022 and less in the coming year.

CAPTIAL 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 **60 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, 2022/23, 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 2022/23. 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 if we complete your personal **Tax Returns**.

NATIONAL LIVING & MINIMUM WAGE

From **April 2022** all employees minimum wage rates increase as follows:

- * Over 23 (previously 25) years of age the rate increases to **£9.50** per hour
- * Over 21 the rate increases to **£9.18** per hour
- * Over 18 the rate increases to **£6.83** per hour
- * workers over school leaving age and under 18 the rate increases to **£4.62** per hour
- * Apprentice rate workers under 19 but in their first year increases to **£4.81** per hour



In addition guaranteed and in some cases non-guaranteed overtime must be added to basic pay when calculating holiday pay. Please talk to Barbara or Sheryl if you have any questions.

COVID-19 RELATED NEWS



Working from Home - For 2021/22 you can continue to claim the allowance of £6 per week if your employer required you to work from home for even one day of the year. It is however anticipated that from 6 April 2022 the rules on claiming this relief will return to the original rules pre-covid and be more restricted.

4th and 5th Self-Employed Grants (SEISS) - These Grants were paid out in 2021/22 and will need to be declared on the 2022 Personal Tax Return unless the grants have been repaid. These grants were paid out on the assumption that your trade was reduced by covid between 1 February and 30 September 2021. You **will** need to keep records to show your **income** was **reduced** due to covid restrictions, please talk to us if you want to discuss these rules.

DIRECTORS & EMPLOYEES ELECTRIC CARS

Changes in the **company car** regime mean it can 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 2022 there is a 2% taxable benefit for **new** electric cars. 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 and before 31 March 2023. 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.