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SPRING NEWSLETTER

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COMPANIES HOUSE REFORMS

Companies House are implementing a number of changes over the next 2/3 years. The first change that commenced on **4 March 2024** is the filing of a registered **email** address with the annual Confirmation Statement. We will be asking clients whether they want to include our agent or their own company email address. The second change is the increase in the annual filing fee from £13 to **£34** from **1 May 2024**.



INCREASE IN CORPORATION TAX RATES

A higher tax rate of 25% applied from **1 April 2023** on taxable profits exceeding £250,000 with a variable rate between 19% and 25% for profits between £50,000 and £250,000. The profits between the two limits will be taxed at a marginal rate of 26.5%. You may therefore want to consider the use of pension premiums and capital equipment purchases before your year-end to help reduce the marginal tax if your profits are in this band.

VAT PENALTY CHANGES

A new penalty system came into force from **1 January 2023**.

Late Submissions - it is important to note that penalties will arise even if you submit nil or repayment Returns. For quarterly Returns the penalty is a fixed amount of **£200** when your fourth Return is late within a two year period. The penalties will increase with further late Returns.

Late Payments - In addition to interest charged at 2.5% over base rate from the payment due date, a penalty of 2% of the VAT due will be payable if the payment is more than 15 days late with a further 2% on any VAT still outstanding more than 30 days after the due date. The **penalties** won't be charged if you can organise a 'Time to Pay' arrangement with HMRC. www.gov.uk/difficulties-paying-hmrc/pay-in-instalments.

CAPITAL GAINS AND RESIDENTIAL PROPERTY SALES

The Annual Exemption Allowance is reducing to £3,000 for 2024/25 and future years.



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 at www.gov.uk/report-and-pay-your-capital-gains-tax using 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 2023/24 and 2024/25, taxpayers with a total income exceeding **£100,000** per year will gradually lose their Personal Allowance of £12,570 until their income reaches £125,140 when the allowance disappears, increasing their annual tax bill by up to £5,000.

Taxpayers with total income exceeding **£125,140** per year will pay 45% tax on their income over this limit for 2024/25. 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 receives **Child Benefit**, and either of them has an income above £50,000 in a tax year they will not be entitled to the full Child Benefit and they will have to repay all or part of the benefits through the self assessment tax system unless they cancel the benefit. With income between £50,000 and £60,000 it will still be 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 2024** employees minimum wage rates increase as follows:

- * Over 21 the rate increases to **£11.44** per hour
- * Over 18 the rate increases to **£8.60** per hour
- * Apprentices and under 18 the rate increases to **£6.40** per hour



SELF-EMPLOYED & PROPERTY OWNERS - 4 QUARTERLY TAX RETURNS



From **6 April 2026**, any Sole-Trader or Property Landlord with Income of more than **£50,000 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.

We **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.



DIRECTORS & EMPLOYEES ELECTRIC CARS

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. Up to 6 April 2025 there is a 2% taxable benefit charge for **new** electric cars increasing by 1% in each subsequent year. Hybrid plug-in vehicles will have a benefit between 2% and 14% of list price dependant on electric mileage range.

BOOST YOUR STATE PENSION

You can pay voluntary National Insurance contributions for the past six years to fill gaps in your contribution records to ensure you have enough qualifying years for state pension entitlement. **Until 5 April 2025** there is an extra 'transitional arrangement' for men born after 5 April 1951 and women born after 5 April 1953 to make up for gaps between tax years 2006/07 and 2018/19.

FOREIGN INCOME

Please be aware if you are resident in the UK you have to declare your **worldwide** income, which includes savings income and rents arising on properties owned abroad. The Taxman is more aware of foreign assets and income nowadays and is chasing more aggressively with significant penalties for incorrect Tax Returns.



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.