

Partners:

J. N. Schwarz FCA
D. B. Myers FCA
J. A. Neumann FCA
D. Goldberg FCA DChA
D. Yu
B. Leigh FCA CTA
D. Z. Harris FCA
A. Sternlicht FCA CTA
M. Broner-Cohen FCA
P. B. Olsberg FCCA CTA

Consultant:

D.M. Birns FCA CTA

Associates:

D.S. Binstock FCA
A.M. Braham ACA
B. Brenig FCA TEP
S. Cohen ACA
J. A. England FCA
P.S. Gill FCCA
M. Hool ACA FCCA
M. Rosenblum FCA DChA
K. A. Sussman FCA
Y.A. Zaiden FCCA



Client Newsletter

Winter 2017/18 inside this issue...

- ▶ Making Tax Digital for VAT: an update
- ▶ Social media do's and don'ts
- ▶ Employers: are you ready for the new auto-enrolment requirements?
- ▶ Self assessment deadline is approaching
- ▶ Business Round-up
- ▶ Web Watch
- ▶ Reminders for your Winter diary



Using your Tax Code to pay your Tax bill

There are various ways that an individual can pay their Self Assessment tax bill, including using Direct Debit; by debit or credit card; by cheque and by online or telephone banking. Your Self Assessment bill can also be paid through your PAYE tax code.

Using your PAYE tax code to pay your tax

To use the tax code method of payment, the following conditions must be met:

- The tax bill to settle is less than £3,000;
- Your tax is already paid through PAYE, e.g. you are an employee or you get a company pension;
- A paper tax return is submitted by 31 October or an online tax return online by 30 December.

It is important to note that where tax returns are filed online (the majority of returns are filed in this way) the deadline for filing is 30 December after the tax year in question. This is an earlier deadline than the usual 31 January after the tax year.

HM Revenue and Customs (HMRC) can and do charge penalties when the return is filed after the deadline and tax remains unpaid.

How it's set up

HMRC will automatically collect what you owe through your tax code if you meet all 3 conditions, unless you've specifically asked them not to (on your tax return).

If you're not eligible, you won't be able to pay this way.

When you can't pay through your tax code

You won't be able to pay your tax bill through your PAYE tax code if:

- you don't have enough PAYE income for HMRC to collect it
- you'd pay more than 50% of your PAYE income in tax
- you'd end up paying more than twice as much tax as you normally do.

If you're self-employed you can't pay Class 2 National Insurance through your tax code, unless it's been due since before 6 April 2015. You must use one of the other ways to pay by the deadline instead.

How deductions are made

The tax you owe will be taken from your salary or pension in equal instalments over 12 months, along with your usual tax deductions.



Tax Codes

Whilst on the subject of tax codes, it is worthwhile mentioning that HMRC occasionally issue these during the year and it is advisable to take time to understand the tax code issued so that any errors can be corrected early. You can check your Income Tax online (<https://www.gov.uk/check-income-tax-current-year>) to see:

- what your tax code is
- how your tax code is worked out
- how much tax you're likely to pay.

We can assist you in understanding your tax code and calculating the tax that you will need to pay and when you will need to pay it. As ever, please be in touch with us should you wish to discuss this further.

Making Tax Digital for VAT: an update

The issue of VAT is currently at the fore of the government's Making Tax Digital (MTD) initiative. Here we provide an overview of the latest position.

What's changed?

MTD was previously set to be implemented between 2018 and 2020. However, in response to concerns raised by experts over the pace and scale of the changes, the government has now deferred the introduction of MTD for Business (MTDfB) by a year.

From 1 April 2019 only businesses with turnover above the VAT threshold (currently £85,000) will have to keep digital records for VAT purposes and provide their VAT return information to HMRC using MTD functional compatible software.

The government has confirmed that keeping digital records and making quarterly updates will not be made mandatory for taxes other than VAT before April 2020. Those businesses below the VAT threshold which have voluntarily registered for VAT can opt to join MTDfB. HMRC will be piloting MTD for VAT for the rest of 2017, with wider live piloting beginning in Spring 2018.

MTD for VAT: an overview

Following the publication of the Finance Bill in September 2017, which includes primary legislation allowing the introduction of MTD for VAT and income tax, HMRC published an open consultation on the draft VAT regulations. The law will retain the current rules regarding keeping and preserving records, the keeping of accounts and the making of returns, but it provides new powers to allow HMRC to introduce regulations governing the digital submission of information from VAT-registered businesses.

Keeping digital records

Under the proposed rules, businesses will be required to submit summary totals of their digital records to HMRC at least every three months. In addition, with their first quarterly update they must provide certain 'designatory data', and any subsequent changes to this data must be included in their next quarterly update. The regulations will specify the information a business needs to preserve digitally.

Businesses will also need to maintain digital records for the VAT account (the audit trail between primary accounting records and the VAT return). This will include details of the output and input VAT.

The VAT account will need to detail any adjustments made which will include correcting errors in calculating VAT payable in a previous period, and other adjustments such as claiming bad debt relief and annual adjustments for partial exemption and retail schemes. Only the total for each type of adjustment will be required to be kept digitally and not details of the calculations underlying them. Businesses will need to preserve digital records using functional compatible software for up to six years.

VAT returns

For businesses within the scope of MTD for VAT, information will be pulled from the digital records to populate the VAT return. There will be a minimum of nine boxes required to complete the return, although HMRC will permit businesses to include supplementary VAT information as part of a VAT return or voluntary update.

The government has confirmed that the submission deadlines for income tax and VAT will not be aligned, meaning there will be no changes to the statutory VAT return or payment dates.

As your accountants, we will keep abreast of the latest announcements relating to MTD. For more information, please contact us.



Social media do's and don'ts

Social media can be a useful tool for marketing your services and building a client network. However, the flip side is that it can be all too easy to create negative social media situations. Here are some of our top tips to ensure you get the most out of social media.

1. Stay active

Businesses should ensure that social media accounts are kept active: an active social media account will increase the chances of people seeing and following your posts. You may wish to incorporate this responsibility into an employee's job role.

Replying to tweets that you have been mentioned in is also crucial – this will help to show that you are engaged with your followers.

2. Remain cool and collected

Never respond negatively to a client – especially on social media, where potentially millions of people can see it! Negative responses may very well deter prospective customers. Remaining professional at all times will demonstrate that your business always endeavours to provide clients with the best possible service. If a dispute is likely to require a lot of attention, it may be best to contact the customer directly.

3. Keep your target audience in mind

Make sure that the content you are posting is accurate and of interest to your followers. Updating followers on company promotions or industry news is good practice, but it could have a negative effect if the things you are posting about are misleading. If your business relies on visuals, consider the best social media platforms to use – Instagram is a better alternative to Twitter for posting images of products, for example.

4. Don't spam your followers

Posts covering the same topic are likely to annoy followers, potentially resulting in a drop in your follower count. Posting too often can also cause people to become overwhelmed with information.

It's useful to keep a social media schedule to ensure your updates are posted at optimum times, resulting in minimal irritation to your followers.

5. Keep your private account private

Be wary of linking your personal social media accounts to your professional accounts – many people have fallen foul to posting content intended for a personal account on their business account!

6. Have fun!

Although maintaining a professional stance is important, keeping your social media accounts and posts creative may prove to be a winning strategy for your firm.

Social media is constantly evolving. Being aware of the key do's and don'ts will help to ensure that your social media strategy works for your firm.



Employers: are you ready for the new auto-enrolment requirements?

The Pensions Regulator (TPR) recently revealed that over eight million employees have now been enrolled into a workplace pension scheme. However, with further changes in the pipeline, employers should ensure that they are up-to-date with the latest developments.

Auto-enrolment duties for new employers

Under pensions auto-enrolment, employers have a duty to enrol eligible employees into a workplace pension and pay a minimum contribution into the fund. Eligible employees are those aged between 22 and the state pension age, and who have qualifying earnings over the auto-enrolment earnings trigger of £10,000.

The law came into force for large employers on 1 October 2012 and has been rolled out gradually with staggered 'staging dates'. However, from 1 October 2017 new employers must immediately comply with their auto-enrolment duties by enrolling any eligible employees into a workplace pension scheme, from the first day a member of staff begins employment. This is referred to as the duties start date. Employers will still be able to postpone some of their duties for up to three months.

Minimum contribution rates set to rise

All businesses are required to contribute a minimum amount towards employees' pensions. Employees also contribute a set minimum amount. These rates are set to rise from 6 April 2018.

From 6 April 2018, the employer minimum contribution rate will increase from the current level of 1% to 2%. It will then rise again on 6 April 2019, reaching 3%. Meanwhile, the employee minimum contribution rate will increase from the current level of 1% to 3% by 6 April 2018, rising again thereafter to reach 5% by 6 April 2019.

So by April 2018, the total combined minimum contribution rate will reach 5%, rising to 8% from 6 April 2019 onwards. While in most cases the employee will need to contribute, an employer may choose to pay the full 8% or even higher.

Contributions are generally payable on qualifying earnings between the lower threshold of £5,876 and the higher threshold of £45,000 in 2017/18.

Auto-enrolment enforcement steps up

TPR has started carrying out spot checks across the UK to ensure that employers are complying. While TPR said that its initial findings from these checks had been 'positive', statistics have revealed that TPR used its compliance powers a total of 50,068 times during 2016/17 – an increase of 41,256 on 2016's total. The regulatory body suggested that this number rose in proportion to the high volume of employers who reached their staging date. TPR issued 33,716 compliance notices in 2016/17, alongside 12,181 fixed penalty notices and 2,527 escalating penalty notices.

Employers who fail to comply with their auto-enrolment duties will be subject to significant penalties. Fines range from a £400 fixed penalty, to a varying daily escalating penalty of between £50 and £10,000, depending on the number of employees.

We can help you to stay compliant with your auto-enrolment duties – please contact us for more information.

Self assessment deadline is approaching – don't be late!

The deadline to complete your 2017 self assessment tax return online is midnight on **31 January 2018**. You may receive a penalty of £100 if you miss this deadline, and further penalties will be issued for continued payment failures.

We can assist you in this process by preparing and filing your tax return on your behalf – we will also advise you on any payments due. Please contact us for more information.





Business Round-up

Government brings forward state pension age rise

The government recently announced that the rise in the state pension age from 67 to 68 will now be phased in between 2037 and 2039 – earlier than originally planned.

Those individuals born between 6 April 1970 and 5 April 1978 will be affected. However, no one born before 5 April 1970 will see a change to their proposed state pension age. David Gauke, Secretary of State for Work and Pensions, stated that the government is committed to ensuring a 'fair and sustainable system' that is 'reflective of modern life, and protected for future generations'.

Meanwhile, a separate report published by the Institute for Fiscal Studies (IFS) revealed that women between the ages of 60 and 62 have been left 'worse off' as a result of a recent rise in their state pension age.

Between 2010 and 2016, the state pension age for women increased from age 60 to 63. The IFS found that women between the ages of 60 and 62 have experienced a £32 reduction in their weekly household income

since the increase, leading to a 'sharp' rise in poverty rates amongst women of this age. The government's eventual aim is to align women's state pension age with that of men.

We can help you plan for a prosperous retirement – please contact us for advice.

Additional requirements for PSCs

New rules introduced in 2016 imposed a series of new obligations on UK companies and limited liability partnerships (LLPs), as well as those holding interests in UK companies.

Since April 2016, most companies have been required to produce and maintain a register of Persons with Significant Control, or PSC register, which provides details of those who ultimately control or exercise significant control over the company. From 30 June 2016, companies were required to submit their PSC information to Companies House via their confirmation statement (which replaced the previous annual return).

However, as part of the implementation of the Fourth Money Laundering Directive (4MLD), additional rules have now been introduced, meaning that PSCs are no longer updated annually via the confirmation statement, but instead must be maintained in real time.

Under the new rules, if a company has reason to believe that details relating to a PSC have changed, it will need to act swiftly to determine the change.

Where a relevant change occurs, the PSC register must be updated within 14 days of the company becoming aware of the amendment, and the changes must be submitted to Companies House within a further 14 days.

The confirmation statement still needs to be filed each year, including to record where a company is exempt from the need to supply information on PSCs.

The PSC regime has also now been extended to apply to Scottish limited partnerships (SLPs) and Scottish qualified partnerships.



Web Watch

Essential sites for business owners.

www.talk-business.co.uk

Information on business and HR issues affecting SMEs.

freelancernews.co.uk

Insightful business articles for the self-employed.

www.taxjournal.com

All the latest news from the world of tax.

www.cipd.co.uk

Key HR information for employers.

Reminders for your Winter diary

December 2017

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 December 2017.
- 30 Online filing deadline for submitting 2016/17 self assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2018/19 tax code.
- 31 End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 December 2016.

January 2018

- 1 Due date for payment of corporation tax for period ended 31 March 2017.
- 14 Due date for income tax for the CT61 quarter to 31 December 2017.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 January 2018.
PAYE quarterly payments are due for small employers for the pay periods 6 October 2017 to 5 January 2018.
- 31 Deadline for submitting your 2016/17 self assessment return (£100 automatic penalty if your return is late) and the balance of your

2016/17 liability, together with the first payment on account for 2017/18 are also due.

Capital gains tax payment for 2016/17.

Balancing payment – 2016/17 income tax and Class 4 NICs. Outstanding Class 2 NICs also due.

February 2018

- 2 Deadline for submitting P46(car) for employees whose car/fuel benefits changed during the quarter to 5 January 2018.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 February 2018.