

# MAKING TAX DIGITAL IS NOW A REALITY



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Making tax digital (MTD) is now law for all VAT registered businesses with turnover over £85,000. This new law requiring Digital record keeping and filing of VAT returns via the MTD portal came into force on the 1 April 2019. This means change for many businesses but also a huge opportunity.

### Do you want to reduce your running costs and streamline your accounting?

There are significant advantages to going “Digital” and we’ve been working with a number of our clients to help them streamline the way they do their accounts. Just suppose you:

- Had a system where your bank fed receipts and payments a directly into your accounts on a DAILY basis;
- Took a photo on your phone of a purchase or expense item invoice and it was posted automatically; and
- Could see your results, who owes you money, who you owe and your business bank balance 24/7, 365 from your smart phone!

We have a new and exclusive Digital system for helping business owners comply with the law and to give you:

- A clear picture of your current financial position, in real-time
- Automatic updates that mean you can spend more time doing what you enjoy
- Your accounts are 100% online, so there’s no software to install and everything is backed up automatically. Updates are free and instantly available
- Upfront accounting software costs are eliminated – upgrades, maintenance, system administration costs and server failures are no longer an issue!

If you want to take your business to a new level please contact us for a demonstration. You are going to love this new way of doing things!

## PERSONAL SERVICE COMPANY CHANGES FROM APRIL 2020

In the Autumn Budget the Chancellor announced that the "off payroll" workers rules that currently apply in the public sector would be rolled out to the private sector in 2020. The government have now issued a consultation paper that sets out proposed tax and national insurance changes that will impact on those supplying their services through personal service companies.

End users will be required to determine whether the rules apply to the services provided by the worker via his or her personal service company. This will be a significant additional administrative burden on the large and medium-sized businesses who will be required to operate the new rules. The current CEST (Check Employment Status for Tax) online tool would be improved before the proposed start date.



### No change for “Small” Employers

“Small” businesses will be outside of the new obligations and services supplied to such organisations will continue to be dealt with under the current IR35 rules with the worker and his or her personal service company effectively self-assessing whether the rules apply to that particular engagement. The definition of “small” has been widely awaited and the Government have confirmed that it intends to use the existing Companies Act 2006 definition. That is where the business satisfies 2 or more of the following features:

- Annual turnover of £10.2 million or less
- Balance Sheet total of £5.1 million or less
- 50 employees or less

The new obligations to determine whether the rules apply, deduct tax and national insurance, and report payments under RTI will apply to the agency or intermediary making payments to the personal service company where the end user is large or medium-sized. There will be an obligation to pass details of the status determination up and down the labour supply chain.

The liability for tax and national insurance will be the responsibility of the entity paying the personal service company, however if HMRC are unable to collect the tax from that entity the liability will pass up the labour supply chain thus encouraging those entities further up the supply chain to carry out due diligence to police compliance. **Please contact us if you would like to discuss how the proposed changes are likely to impact on your business.**

## HIGH INCOME CHILD BENEFIT CHARGE AND STATE PENSION

We recently looked at tax planning to minimise or eliminate the high income child benefit to keep both husband and wife (or civil partners) looking after a child below the £50,000 threshold.

Where the income of one of the individuals exceeds £60,000 such that the whole of the child benefit is taxed they may be tempted not to claim child benefit at all. This may however limit the amount of State pension and other benefits at a later date. Under current rules individuals must make National Insurance contributions for 35 years to receive a full State Pension. Individuals may claim Child Benefit and choose not to receive the payments, which means they do not have to pay the charge, but still receive the associated National Insurance Credits for that year and protect their State Pension entitlement.

Note that grandparents who have ceased working and are looking after their grandchildren may also claim NIC credits for that year which would count towards their 35 year contribution history.



You can check your State Pension online at any time for a forecast of how much you could get. The service will also confirm when you will reach State Pension age, under the law as it stands. Note that Government proposes to increase the State Pension age to 68 from 2037.

## TAX DIARY OF MAIN EVENTS

2019 Dates	What's Due
1 July	Corporation tax for year to 30/9/18 (unless pay quarterly)
5 July	Last date for agreeing PAYE settlement agreements for 2018/19 employee benefits
5 July	Deadline for agents and tenants to submit returns of rent paid to non-resident landlords and tax deducted for 2018/19
06 July	Deadline for forms P11D and P11D(b) for 2018/19 tax year. Also deadline for notifying HMRC of shares and options awarded to employees.
19 July	PAYE & NIC deductions, and CIS return and tax, for month to 5/7/19 (due 22/07 if you pay electronically)
31 July	50% payment on account of 2019/20 tax liability due
31 July	Notify your pension fund administrator by this date if the additional tax on the Pension Annual Allowance Tax charge for 2017/18 is £2,000 or more and you would like the tax paid out of your fund (see earlier)
1 August	Corporation tax for year to 31/10/18 (unless pay quarterly)
19 August	PAYE & NIC deductions, and CIS return and tax, for month to 5/8/19 (due 22/08 if you pay electronically)
1 September	Corporation tax for year to 30/11/18 (unless pay quarterly)
19 September	PAYE & NIC deductions, and CIS return and tax, for month to 5/8/19 (due 22/08 if you pay electronically)

## MISTAKES ARE OPPORTUNITIES TO LEARN

We can learn more from failure than success.

According to Richard Branson, "One thing is certain in business. You and everyone around you will make mistakes." If we are all spending time making mistakes, it makes sense to learn from them.

Failure is a critical part of building a successful career, and how you handle failure is a big indication of your true potential.

Failures can teach you a lot about yourself, your impact on other people, and how your personal goals and expectations align with those of your firm. For example, losing a key client may be painful, but it probably means you were not giving them the service that they wanted or you were not providing the right solution for their particular needs. You can view this as a loss or you can use it as an opportunity to better align your product or service offering with the needs of your customers.



If your product or service isn't selling maybe it's because you had a great idea that worked for you but not for your customers. Did you conduct thorough market research the first time around? Next time, make sure your customers want it, they're willing to pay for it, and the value they place on it is enough to make your business grow.

If your business is failing to meet its financial targets, perhaps there is something you can learn about your credit control. Perhaps you could take a fresh look at your pricing model and maybe consider moving some clients to a monthly retainer in order to improve cash flow, while providing your customers with an easier payment method.

If you are personally responsible for a particular failure, don't beat yourself up about it. Instead, be willing to let it go. Accept that a particular project or strategy didn't work out and be willing to start again.

Don't be afraid to bring in some expert help. You can't be an expert at everything - so it's ok to bring in a team of people to help you get it right next time. That said, don't just delegate the problem, be willing to get involved in order to get things right the next time around.

Remember - your greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time!