

## BUDGET 2017 (EPISODE 1)

After the Autumn Statement we knew that the Spring Budget of 2017 was to be a "Mini Budget" (and the last ever Spring Budget) and so it proved, but with some unpleasant clauses. The main proposals were:-

- ~~An increase paid by the Self-Employed ("We won't be increasing National Insurance" "Oh, but we didn't mean Class 4. "Oh yes we did, so we had better take it out").~~
- A reduction to the Dividend Allowance, increasing the tax that will be payable on dividends.
- A delay of one year in the introduction of "Making Tax Digital for Business" for unincorporated business with turnover below the VAT threshold.

Previously announced measures include:-

- An increase in the Personal Allowance to £11,500 and the Basic Rate band to £33,500. The Higher Rate threshold therefore rises to £45,000.
- Corporation Tax falls to 19% from 1 April 2017 and to 17% from 1 April 2020.
- Phased reduction of Tax Relief for residential landlords.
- Increase in Capital Gains Tax Annual Exemption to £11,300.
- Phased introduction of additional nil rate band for Inheritance Tax on main residence.

In future, and starting this year, the budget will take place in the autumn.

**DATE**  
for your Diary

## SUMMER PIZZA PARTY

Tuesday 4<sup>th</sup> July:  
Mansfield office 4pm till 7pm

We hope to see you this year for an afternoon full of fun, games and pizza!



# MAKING TAX DIGITAL

## TO START IN APRIL 2018

Legislation to introduce Making Tax Digital (MTD) will be included in the Finance Bill 2017 and despite many objections that it is to be introduced too soon, the new system of quarterly reporting will commence in April 2018 for the self-employed and property landlords, phased in depending on turnover and accounts year end.

Under MTD, self-employed people, partnerships and landlords will be required to:

- Maintain their records digitally, through software or apps
- Report summary information to HMRC quarterly through their 'digital tax accounts' (DTAs)
- Make an 'End of Year' declaration through their DTAs

DTAs are like online bank accounts - secure areas where a business can see all of its tax details in one place and interact with HMRC digitally.

Self-employed people, partnerships and landlords with turnovers totalling under £10,000 are exempt from requirements completely.

The Government announced in the March 2017 budget a one year deferral from mandating of MTD for unincorporated businesses and landlords with turnovers below the VAT threshold. For those that have turnovers under the VAT threshold the commencement date will be from the start of accounting periods which begin after 5 April 2019.

The deadline for finalising taxable profit for a period will be the earlier of:

- 10 months after the last day of the period on account, or
- 31 January following the year of assessment in which the profits for that period of account are chargeable

Businesses and property landlords with a turnover up to £150,000 will be able to prepare accounts on a cash basis. (It will in fact be the default basis for landlords, with the option to use accruals accounting).

Digital quarterly reporting for companies and larger partnerships will not be introduced until April 2020. Although any business that is VAT registered must submit tax returns via the MTD system from April 2019.

These changes will have a significant impact on how you keep your business accounts and communicate with HMRC.

We will be contacting clients shortly regarding their own situation or alternatively for more information follow the link [www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital](http://www.gov.uk/government/publications/making-tax-digital/overview-of-making-tax-digital)

# EXCUSES, EXCUSES!

Not everyone managed to file their tax return to HMRC by the 31st January deadline.

HMRC have revealed some of the excuses that were used for not meeting the deadline:

1. My tax return was on my yacht... which caught fire.
2. A wasp in my car caused me to have an accident and my tax return, which was inside, was destroyed.
3. My wife helps me with my tax return, but she has a headache for ten days.
4. My dog ate my tax return and all of the reminders.
5. I couldn't complete my tax return, because my husband left me and took our accountant with him. I am currently trying to find a new accountant.
6. My child scribbled all over the tax return so I wasn't able to send it back.
7. I work for myself, but a colleague borrowed my tax return to photocopy it and lost it.
8. My husband told me the deadline was the 31 March.
9. My internet connection failed.
10. The postman doesn't deliver to my house.

These excuses were all used in unsuccessful appeals against HMRC penalties for late returns, maybe next year these culprits will get their returns in on time!

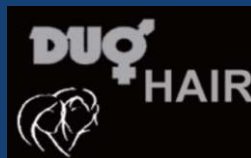


## That's Good News

# DUO HAIR CELEBRATE 30 YEARS OF SUCCESS!

We are always delighted to celebrate a client's milestone in business and 30 years is certainly one to celebrate. Deborah Lott (pictured here with Glen Wood) opened Duo Hair Salon at Berry Hill, Mansfield at the end of 1986 and serves a loyal customer base as well as seeing her business continue to grow.

Well done to Deborah and all the team at Duo Hair.



# CRACK DOWN ON SALARY SACRIFICE TAX PERKS

The Chancellor of the Exchequer announced in the Autumn Statement that the Government will be making changes to salary sacrifice arrangements. Therefore many schemes that currently attract tax and National Insurance Contributions (NICs) advantages will no longer do so from 6 April 2017.

A salary sacrifice scheme works with an employee accepting a cut in pay in exchange for a non-cash benefit, such as car parking at or near the workplace, childcare vouchers or health checks. The reduction is taken out of the employee's pre-tax salary, therefore they pay no Income Tax or employee NICs and the employer does not pay employer NICs on the sum sacrificed.

Here are a list of the following benefits provided through salary sacrifice schemes that will cease to offer employee tax perks or employer NICs perks:

- Accommodation
- Car parking at or near the place of work
- Company Cars (other than ultra-low emission vehicles)
- Gym Membership
- Health Assessments
- Mobile Phones, laptops etc
- School Fees
- Work-related training

Arrangements under salary sacrifice schemes that are already in place are protected until April 2018, except for those relating to cars, accommodation or school fees which will be protected until April 2021. After that employees will have to pay tax on the amount sacrificed as if it were income and employers will have to pay employers NIC. The exemption for employees NICs on the amount sacrificed will however remain. Employees have until 5 April 2017 to join an existing salary sacrifice scheme if they wish to take advantage of the perks until these are withdrawn.

The following salary sacrifice schemes are exempt from the changes:

- Employer-supported childcare
- Cycle-to-work schemes
- Ultra-Low emission cars (those with CO<sub>2</sub> emissions of up to 75g/km)
- Pension contributions

## DO YOU COMPLY WITH MINIMUM WAGE INCREASES

From 1 April 2017 the minimum wage will increase to the following amounts:

	<b>New</b>	<b>Old</b>
<b>Apprentices*</b>		
16-17	<b>£3.50</b>	£3.40
18-20	<b>£4.05</b>	£4.00
21 & Over	<b>£5.60</b>	£5.55
	<b>£7.05</b>	£6.95
<b>Living Wage</b>		
25 & Over	<b>£7.50</b>	£7.20

\*This rate is for apprentices under the age of 19. Any apprentices aged 19 and over must only receive this rate in the first 12 months of apprenticeship, after which the rate applies to their age.

Please note in future all increases will be implemented on the 1 April each year.



## ARE YOU A VAT REGISTERED, LABOUR INTENSIVE BUSINESS, USING THE FLAT RATE SCHEME?

By this we're typically looking at the likes of consultants, labour only construction workers etc where there are very few purchases/expenses. Most of these types of trader if operating the VAT Flat Rate Scheme are on a rate of 12% or 14%.

From 1 April 2017 a new category is introduced, "Limited Cost Trader". This overrides all other categories if it applies. The rate for this category is set at 16.5%. On a sale of £100 (£120 including VAT) this means £19.80 VAT is payable to HMRC leaving only a 20p "allowance" for input VAT. So where many of these traders were on the flat rate scheme as it actually gave a benefit, this will no longer apply. Some traders did not even need to be registered, being below the registration threshold, but registered to access this benefit.

Traders need to decide if they need to change their percentage to 16.5% from 1 April 2017 and if so decide whether they:

- continue on the flat rate scheme
- leave the flat rate scheme and operate normal VAT accounting - remember you have to advise HMRC if you are leaving the scheme
- deregister for VAT if turnover is below the deregistration threshold (£81000)

### So, what is a "limited cost trader"?

Well, if spending on "relevant goods" in the VAT quarter is either less than £250 (inc VAT) or less than 2% of VAT inclusive sales for the quarter, you are a "limited cost trader" and pay VAT at 16.5% of gross turnover.

"Relevant Goods" excludes road fuel and motor parts, food, drink and capital items (vehicles, computers, furniture etc). Supplies of gas and electricity are included as goods (but only if 100% for business use) but rent, phone, internet charges, accountancy fees are services, so excluded. Most traders in these categories incur very few costs that will be included. Note that the calculation should be done each quarter and hence the percentage rate to apply can move up and down.

### Example

Jim is a health and safety consultant and for VAT quarter ending 30 June 2017, his gross sales figure was £10,000 including VAT. His VAT inclusive spending on relevant goods for the same period was £240. He must adopt the 16.5% rate and pay £1650 of VAT if the £240 spending on goods is:

- Less than 2% of sales (£10,000 in this example ie £200) or
- Less than £250 in a quarter.

So a total goods figure of £240 including VAT passes the first bullet test but not the second - so the 16.5% rate must be applied.

More details (in particular Section 4.4) can be found at: [www.gov.uk/government/publications/vat-notice-733-flat-rate-scheme-for-small-businesses/vat-notice-733-flat-rate-scheme-for-small-businesses#introduction](http://www.gov.uk/government/publications/vat-notice-733-flat-rate-scheme-for-small-businesses/vat-notice-733-flat-rate-scheme-for-small-businesses#introduction)

# Meet the Department: Payroll

**Mandy-Jo Charlton, Joseph Cherry & Beverley Hallam**

A new feature for the Synergy Newsletter is 'Meet the Department' introducing who is in the department and what service they provide to our clients on a day to day basis.

Payroll is one of those jobs that can't be put off and failure to pay your employees on time can be a disaster.

The processing of payroll has become more and more complex, especially over the last 5 years with the introduction of RTI in 2013 and then more recently the minefield which is Auto Enrolment!

Outsourcing to our specialist payroll team will ensure that your payroll is processed on time, accurately and confidentially.

The following are a few key points on the service we provide;

- All our payrolls are prepared by dedicated and trained staff who are up-to-date on current legislation such as PAYE, National Insurance, holiday entitlements and many more.
- Our payrolls are prepared using the latest software.
- We can provide help and assistance in setting up Auto Enrolment to meet pension legislation requirements.
- Payrolls can be over different periods including weekly, fortnightly, and monthly.
- Payslips are printed for each employee and you are supplied with weekly/ monthly summaries so you can maintain your records.



**Joseph**

We like to refer to Joe as "Auto Enrolment Man" being our specialist in this area he is our Stopfords very own superhero in this field!

**Beverley**

After a day of running Payrolls she is most at home cheering on Nottingham Panthers at the Ice Arena.

**Mandy**

When she isn't looking after the Payroll Team she would love to be Cruising, seeing the world!

- We are always contactable for any queries and to offer advice on areas such as holiday pay, sickness, statutory rights, maternity pay and many more.

Finally, Outsourcing will allow you to concentrate on the important thing - your business.

If we don't already provide you with a Payroll Service and would like a quote please contact the office on:  
**01623 420269**

## Team News...

### Runners up at Question of Sport

Stopfords took 2nd place at this year's Question of Sport Evening hosted by the Mansfield Armchair Club at the Mansfield Town Football Club Corporate Venue, 851 Suite on 6 March 2017.

Glen and the Stopfords Team, pulled together their sporting knowledge to secure the runners up place.

Stopfords client, Alfreton Insurance Services won the title this year, congratulations to them!

This year's team members were (pictured left to right) Jamie Wajs, Jim Wright, Paul Delaney, Russ Eley, Malk Hall, Matt Jones, Mark Cooper, Michael O'Neill and behind the camera Glen Wood. Well Done Guys!



All the team at Stopfords are always happy to handle your queries.

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