



New tax year

Along with April showers and bluebells, this time of year heralds the start of a new tax year. This brings changes in allowances and rates, so here is a quick reminder of some changes effective from 6 April 2018:

- Tax free personal allowance increased to £11,850 (£11,500).
- Basic rate band increased to £34,500 (£33,500).
- The annual dividend tax allowance has been reduced from £5,000 to £2,000.
- IHT residence nil rate band increased by £25,000 to £125,000. The nil rate band remains at £325,000.
- Increase in minimum contributions for workplace pensions. For the years up to and including 2017/18, the minimum total contribution from employees and employers was 2% of pensionable pay and the employer had to contribute at least 1%. From 6 April 2018, the total minimum contribution is 5% and the employer must contribute at least 2%, with the remainder contributed by the employee.
- National Living Wage has increased to £7.83 – worth £600 extra a year for a full-time worker.
- All Payments in Lieu of Notice (PILONs) will be subject to tax and National Insurance, regardless of whether contractual or not. The £30,000 exemption will remain however for non-contractual termination payments.
- Maximum EIS subscription that will qualify for tax relief will double to £2 million – subject to certain conditions.

Due to the reduction in the dividend tax allowance many more individuals will now be required to complete self-assessment tax returns, even those with quite modest portfolios. If you need assistance with this or advice on whether a self-assessment tax return is needed, please contact us.

HMRC Tax App

It's not every day that HMRC offers you something for nothing – but you can download their Tax Calculator App for free from Apple's App Store or from Google Play. There is also an online option. The app is only for personal tax accounts and not for use by businesses.

The HMRC app lets you quickly and securely access your personal tax account, wherever you are. You will be able to securely access your tax code, tax estimate, income and state benefits information, tax credits payments schedule, your Help to Save account and to receive messages from HMRC. You will also be able to renew your tax credits, track letters and forms, calculate your take home pay, tax and National Insurance calculations and obtain security access codes. You will not be able to file your self-assessments tax returns, though. This will still need to be done online.

A young banker decided to get his first tailor-made suit. As he tried it on, he reached down to put his hands in the pockets but to his surprise found none.

He mentioned this to the tailor who asked him, "You're a banker, right?"

The young man answered, "Yes, I am."

"Well, whoever heard of a banker put his hand in his own pocket?"

Childcare vouchers

The existing Childcare Voucher Scheme was due to close to new entrants from early April 2018 – however, the scheme has now been extended. The voucher scheme offers savings *per parent* per year and will close to new applicants from October 2018. If you are already in the scheme when it closes, you will be protected.

The replacement scheme, which the Government introduced last year, is Tax-Free Childcare which is to replace the Childcare Voucher Scheme. This offers savings *per child* per year and is more like a savings scheme.

Both schemes reduce the cost of childcare but one may suit your circumstances better. Research both the schemes to find out which scheme is better for your needs before you apply.

Making Tax Digital (It won't go away!)

You will already have read or heard about Making Tax Digital (MTD), as it has been reported in the media. The Government's aim is to introduce MTD for VAT registered businesses from April 2019, which is now less than a year away. This means that all VAT registered businesses will have to keep digital accounting records, initially to be able to file VAT returns but the intention is that quarterly reporting for corporation and other taxes will be introduced in the not too distant future. This will include some landlords of rental property.

Those that do not already maintain digital accounting records need to start thinking or do something now about moving from manual records and spreadsheets onto a software package. HMRC have not yet released details of all compatible software but it should include Sage, Xero, Quickbooks, Kashflow etc. For each individual sale and purchase, there must be a digital record of the date and value of the supply as well as the amount of VAT charged.

We can assist you with this and the transition onto an appropriate software package. We would strongly recommend that you start preparing for this change now.

A Brit, a Frenchman and a Russian are viewing a painting of Adam and Eve, frolicking in the Garden of Eden.

"Look at their reserve, their calm" muses the Brit. "They must be British".

"Nonsense," the Frenchman disagrees. "They are naked and so beautiful. Clearly, they must be French".

"No clothes, no shelter," the Russian points out, "they have only an apple to eat and they are told that this is paradise. They are Russian".

Zero emission - tax efficient company cars

We have received a few queries on this topic recently.

For a business, the purchase of a car like a Tesla with zero emissions for £70,000 might attract 100% first year allowances. At current tax rates, this means a tax deduction of £13,300 for a company (19% tax rate) and potentially more for a sole trader or partner, taxed at basic, higher or additional rates dependent on usage. Class 4 National Insurance relief is available too for the self-employed.

If a company car, there would be a P11D benefit for the relevant employee. The benefit is based on the list price of the car at the applicable rate – 13% for the current tax year, 16% and then 2% (the Government is recalibrating the bands). The benefit for 2018/19 would be £9,100 and the tax payable would be £1,820 (20%) or £3,640 (40%). The company would also incur Class 1A National Insurance of £1,256. There is no fuel benefit and electricity provided by the company to charge the car is not deemed to be a taxable benefit.

This is currently a pretty cheap way to own such a car although the initial price might be off-putting. There is a danger that the P11D rates are increased in future years. We can help with further advice on individual specific cars and scenarios.

10 steps to cyber security for smaller firms

Following these basic steps (as advised by the Institute of Chartered Accountants in England & Wales) will improve your chances of avoiding an online attack by as much as 80%.

1. Allocate responsibilities and document them.
2. Protect your computers and your network. Secure passwords are essential.
3. Keep your computers up to date, especially laptops and phones and passwords.
4. Control and document employee access to computers and documents.
5. Protect against viruses with regular updates from reliable sources.
6. Extend security beyond the office – home computers and phones.
7. Don't forget disks, drives and sticks – don't use the same passwords.
8. Plan for the worst.
9. Educate your team and check they each have put on secure passwords.
10. Keep records – and test your security.

If you would like a copy of the full report, please contact us.



HMRC threatening phone calls re money

HMRC is warning taxpayers to be vigilant following reports that thieves are making telephone calls pretending to be the tax man. The fraudsters inform taxpayers they are due a tax rebate and ask for their bank card details over the phone. They then attempt to take money from the account using the details provided. Victims risk having their bank accounts emptied and their personal details sold on to other organised criminal gangs. People have also been asked to pay bogus debts and taxes using online gift cards, such as iTunes. The warning comes amid a recent surge in the number of tax scam "phishing" emails reported to HMRC. In the last few months, HMRC has shut down over 180 websites that were responsible for sending out the fake tax rebate emails.

"The Budget should be balanced, the Treasury should be refilled, public debt should be reduced, the arrogance of officialdom should be tempered and controlled, and the assistance to foreign lands should be curtailed, lest Rome will become bankrupt. People must again learn to work instead of living on public assistance."

Cicero, 55BC

So, evidently, we've learned very little over the past 2,071 years.

HMRC only ever contact customers who are due a refund in writing by post. Anyone receiving such a phone call should not provide any information to the caller, but instead should report it to the police.

10 point guide to retirement

If you are planning on retiring in the next few years, you should perhaps consider the following:

1. List your assets and, in particular, liabilities.
2. Get a State Pension forecast.
3. Add up the cost of what you want to do in retirement.
4. Work out whether you can actually afford to retire (now you can't be forced to retire).
5. Do not forget the impact of income and other taxes and maximise your annual allowances and reliefs.
6. Consolidate your pension pots into one place but take advice, seldom change a final salary scheme.
7. Decide how and when you want to access your income.
8. Do not forget about inflation when planning for the future.
9. Do not take too much out of your pension pot each year. Anything left goes to the children tax free.
10. Protect yourself against fraud and scams.

If we can assist with any retirement planning, please contact us.

Shortly after a British Airways flight had reached its cruising altitude, the captain announced: "Ladies and Gentlemen, this is your captain. Welcome to Flight 293, non-stop from London Heathrow to New York. The weather ahead is good, so we should have an uneventful flight. So, sit back, relax, and... OH...MY GOD!"

Silence followed Some moments later, the captain came back on the intercom. "Ladies and Gentlemen, I'm sorry if I scared you. While I was talking to you, a flight attendant spilled coffee in my lap. You should see the front of my pants!"

From the back of the plane, a passenger yelled "You should see mine!"

Tax Saving Schemes – which aren't

These are always scams and result in heavy costs and a lot of organisation. Anything and everything which says you can reduce your tax liability is likely to be subject to investigation by HMRC. If it involves a loan or moving cash out of the country it is likely to be a scam, illegal or will be made illegal by the Government.

The Revenue consider that joining one of these schemes is your fault, and ignorance or accident is not acceptable as an excuse – you pay everything and have no redress.

We have gained experience in dealing with such problems as several clients have been referred to us and we have sorted out their situations in a timely manner.

If you get offered one of the schemes, please obtain as much information as possible and pass it on to us for comment and action.



The 8 difficult questions you need to ask your parents

This is always a difficult conversation to have, as for the parents there's the fear of losing control and for the children it's a balancing act between respecting their parents' boundaries and ensuring that they have planned for the future. We advise you at least cover the following basic points with your parents.

1. Do you have a current financial plan and if not, make one. With increased life expectancy it is important to know the sources of your parents' income i.e. final salary, pension scheme, state pension etc.
2. Do you have a record of your investments, property and important documents and where are they?
3. Have you made a will and is there anything out of the ordinary you should be aware of?
4. When was the last time you looked at your pension nomination forms?
5. Have you put in place Lasting Powers of Attorney and who are they?
6. If you can no longer take care of yourself, when and where would you like to move?
7. Have you done an inventory of the items in your home?
8. How do you usually receive financial information and who does your tax return?

If you would like more information on any of the above points, please do not hesitate to contact us or if you feel it would be better for us to have the conversation.

Deposit Guarantee Scheme

In 1994 the EU set up a Deposit Guarantee Scheme which meant that any individual who had a deposit with a clearing bank had a guarantee for €50,000. This was increased in 2009 to €100,000. The guarantee was for any one bank together with all of its subsidiaries or associates. For instance, if you had deposit accounts with the Halifax, which is a subsidiary of Lloyds, the two would be added together to see whether your total deposits exceeded the €100,000 limit and any excess would not be guaranteed. At present the €100,000 translates into £85,000 and for joint accounts this is doubled to £170,000 but only if they are held in joint names.

It appears that this consolidation also applies where an individual has cash held in a client account of a solicitor, accountant or investment manager who use the same banking organisation.

We are not suggesting that any bank is in trouble, and this has been made less likely by the added capital requirement as a result of the Basel III regulations, just that it might be sensible to consider spreading your eggs into different baskets so that your assets do not exceed the £85,000, or £170,000 joint, with any one consolidated banking group.

A few closing thoughts!

It always seems impossible until it's done – Nelson Mandela (tax returns on time?)

The President of today is just a postage stamp of tomorrow – Gracie Allen

It is better to offer no excuse than a bad one – George Washington

Age is strictly a case of mind over matter. If you don't mind, it doesn't matter – Jack Benny

Life is like riding a bicycle. To keep your balance, you must keep moving. – Albert Einstein

Always forgive your enemies; nothing annoys them so much – Oscar Wilde

If the stars should appear but one night every thousand years how man would marvel and stare – Ralph Waldo Emerson

Macho does not prove mucho – Zsa Zsa Gabor

We don't see things as they are, we see them as we are – Anais Nin

Without geography, you're nowhere – Jimmy Buffett

We make a living by what we get, but we make a life by what we give – Winston Churchill

The early bird gets the worm, but the second mouse gets the cheese – Anonymous

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