Newsletter

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THE RIGHT ADVICE FOR YOUR BUSINESS

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Doesn’t HMRC want my money!!!

The deadline of the 31st January 2018 is fast approaching for filing 2016/17 Self Assessments online, thousands will probably file late and 50% will leave filing until January.

If you thought you were going to pay your tax bill with a personal credit card in January 2018, then think again!

EU rules are forcing HMRC to change their policy in January.

https://www.gov.uk/pay-tax-debit-credit-card

You won’t be able to pay with a personal credit card from 13 January 2018.

This change was instigated by the Second Payment Services Directive (PSD2), which outlined that there could be no onward charging consumers for credit or debit cards. This includes HMRC who have said that they cannot absorb the costs of the merchant providers for credit card facilities and therefore no payments will be taken by credit card. Debit card payments will still be possible, as the underlying costs are not as high.

This follows the change in December which meant you will no longer be able to pay tax at any Post Office Branch, fantastic timing!

Are your spouse's wages tax deductible?

Any salary paid will be subject to Income Tax and National Insurance as well as having to comply with National Minimum Wage and Auto Enrolment.

But you can only use the cost as a business tax deduction if:

1. Its 'wholly and exclusively' for the benefit of the business
2. The payment must reflect the actual work done and be realistic
3. The payment must be shown in the accounts
4. The wages must actually be paid
5. If you provide for wages they must be paid within 9 months of the end of the accounting period

The rules don't only cover spouses; they also cover other family members.

There are many other pitfalls relating to other ways to share income such as dividends.

The s660 rules (or settlements legislation) have been around since the 1930s.

The rules stop you passing income to someone else in the family, or giving income or assets to someone else in an effort to reduce your overall tax bill. This is called a "settlement", and the aim of the legislation is to stop people settling their income on another person who pays tax at a lower rate.

FOR MORE INFORMATION

Contact
Tina.jenkins@advaccountancy.co.uk

When is a Van not a Van? When it's a VW Transporter Kombi!

It makes a big difference whether a vehicle is treated as a Car or a Van for tax purposes, in summary:

1. Benefit in Kind on Cars is linked to CO2 whereas on a Van its Flat Rate (and could be zero if your private use is insignificant)
2. Vans qualify for the Annual Investment Allowance, Cars have restricted Capital Allowances
3. You can reclaim VAT on Vans but it's much harder to reclaim VAT on cars

HMRC have some guidance in EIM23150….

Under this measure, a double cab pick-up that has a payload of 1 tonne (1,000kg) or more is accepted as a van for benefits purposes. Payload means gross vehicle weight (or design weight) less unoccupied kerb weight (care is needed when looking at manufacturers' brochures as they sometimes define payload differently).

Under a separate agreement between Customs and the Society of Motor Manufacturers and Traders (SMMT), a hard top consisting of metal, fibre glass or similar material, with or without windows, is accorded a generic weight of 45kg. Therefore, the addition of a hard top to a double cab pick-up with an ex-works payload of 1,010 kg will convert the vehicle into a car (net payload reduced to 965 kg). Under this agreement, the weight of all other optional accessories is disregarded. HMRC has also adopted this treatment.

Kombi's have been a grey area, but not any more following the case of Noel Payne v HMRC as reported by Croner Taxwise…

Under ITEPA 2003 S.115, a van is a vehicle where its primary construction is for the conveyance of goods or burden. Kombi vans and those similar have not previously been thought to fall into this category due to them being designed to carry both goods and people. Historically, HMRC has offered a concession from 2002/2003 onwards for vehicles of a very similar construction, double cab pickups (including both uncovered and covered models), if the payload capacity of the pickup exceeds a metric tonne. HMRC accepts that these vehicles can be treated as a van for benefit in kind purposes.

With such similarities in the construction of the Kombi van, this has led to this concession being applied to the Kombi vans as well. However, in Noel Payne vs HMRC, a judgment was reached that the primary construction of the kombi van was not for the conveyance of goods alone but rather that its purpose was for the conveyance of both goods and people equally. This means that the Kombi did not meet the requirement to be considered to be a van and therefore for benefit in kind purposes it is a car.

The general advice is that from now on Kombi's and any van built to carry passengers should now be treated as a car for benefit in kind purposes, the case did involve a Vivaro as well but that was manufactured as a Van and later converted so that was allowed to be treated as a Van.

This also has implications for VAT and Capital Allowances.

Can you afford to be unethical?

Until the financial crisis in 2008 it felt like very little was being done to stop tax avoidance or unethical behaviour by businesses, but the climate has now changed.

Just because something isn't illegal it doesn't mean its ethical or moral and customers are now holding businesses to account.

UK waste management agency [Business Waste](#) polled 2,000 shoppers about their high street habits and found that 90% said they take a business's ethical record and accreditation into account when it comes to things like paying taxes and environmental issues.[[startup donut](#)]

For example, 95% look for hygiene certificates and 75% want to see indications that companies they use are taking care of the planet. In addition, 45% say they would only consider using businesses that pay their tax in the UK.

Since 2012 we have seen companies like Google, Amazon and Star Bucks held to account over tax by the public accounts committee.

Back in 2014 Fair Tax was launched to try to help promote businesses who pay taxes rather than trying to avoid paying.

The Fair Tax Mark Criteria assess the quality of a business' publicly available information on key tax and transparency issues. In this context, publicly available information primarily means a full set of accounts available to all via Companies House or the company website. However, it can also include the company website and/or any other freely available printed material.

For every business type, the criteria are divided into two main categories that assess a business on:

- Transparency
- Tax rate, disclosure and avoidance

http://www.fairtaxmark.net/

It's time that all businesses became ethical businesses!

Contact –

ADV Accountancy

Tel 07791 630242

E Mail
tina.jenkins@advaccountancy.co.uk