Welcome to advAccountancy

Advancing your business through Management Accounting

Newsletter

October 2016

THE RIGHT ADVICE FOR YOUR BUSINESS

IN THIS ISSUE

It's time to prepare for Christmas!

As in previous years…

HMRC have an Exemption (not an allowance) of £150.

- available to employees generally or
- available to employees generally at one location, where the employer has more than one location.
- If the employer provides two or more annual parties or functions, no charge arises in respect of the party, or parties, for which cost(s) per head do not exceed £150 in aggregate.

But now for the first time we also have Trivial Benefits of up to £50, maximum of £300 per person per year.

Its designed for seasonal gifts, flu jabs, small gifts, flowers etc.

1. It can't be cash, or cash vouchers.
2. The employer must bear the cost (salary exchange won't work)
3. It must not be in recognition of services or part of a contractual agreement

Are you going to buy presents for your staff?

If you give gifts to suppliers or customers the rules in HS207 state that you can give a gift worth up to £250

https://www.gov.uk/government/publications/non-taxable-payments-or-benefits-for-employees-hs207-self-assessment-helpsheet/hs207-non-taxable-payments-or-benefits-for-employees-2016#certain-gifts

What is the new Childcare Scheme?

FAST FACTS

Max £10,000

Early 2017

FOR MORE INFORMATION

Contact –

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Currently there are 3 types of childcare support that your employer can support that will qualify for Income Tax and National Insurance Contribution exemptions:

- Childcare vouchers
- Directly contracted childcare
- Workplace nurseries

It's quite common for employees to sacrifice gross salary to maximise childcare benefits.

Vouchers are the most common support offered by employers, currently employers can provide up to £55 each week (£243 per month) free of tax and NI provided your employment earnings are not more than the higher rate 40% threshold, if your earnings are above the threshold the weekly amount reduces to £28 (£124 per month), it reduces further for additional rate (45%) taxpayers to £25 per week (£110 per month)

If you and your partner both work you are each entitled to vouchers. The exempt amount is per person not per employer.

You don't have to use the vouchers in the week or month that they are provided you can save them for use later.

There is a new scheme planned to start in early 2017, in summary..

- You will open an online NS&I GOV.UK. Tax-Free Childcare account
- For every 80p paid in there will be a top up of 20p. The government will top up the account with 20% of childcare costs up to a total of £10,000 – the equivalent of up to £2,000 support per child per year (or £4,000 for disabled children). You or anyone can pay in whenever and whatever amounts you choose.
- Its available for children under the age of 12 or 17 if disabled
- Parents must be working and earning between £115/week and £100,000/year, there will be a 3 month checking process.
- Any working family can use Tax-Free Childcare, provided they meet the eligibility requirements. Its not dependent on your employer offering a scheme. Its also available to self employed parents and those of paid sick leave, SMP, SPP and Adoption leave.
- You will also have the option to continue with an employer supported scheme
- If you need to you can withdraw the 80p part paid in

Making Tax Digital

The key advantages are seen as:

- Cash-basis accounting so that thousands more will be able to pay tax based simply on the difference between money they have taken in and what they have paid out, meaning tradesmen will pay tax on cash received rather than invoices issued
- Prompts and alerts to help businesses get tax right and giving advice on tax reliefs they might be missing out on
- Greater certainty over tax bills so businesses don't have to wait until the end of the year to find out how much they have to pay.

One of the big areas of concern has been over the quarterly tax reporting requirements and concerns over data accuracy, as a result, the government has given exemptions for small businesses which will mean 5.4 million small businesses won't now need to report quarterly.

10 most common online self assessment issues

The deadline of the 31st January 2017 is fast approaching for filing 2015/16 Self Assessments online, thousands will probably file late and 50% will leave filing until January.

Here are 10 of the most common problems, issues and errors that come up.

1. Not leaving enough time to register for Self Assessment – It can take 20 working days (this is usually 4 weeks) to complete the registration process, then for online returns, allow 10 working days (21 if you're abroad) to register because HM Revenue and Customs (HMRC) posts you an activation code.
2. Lost Login details – Your account will be locked for 2 hours if you enter the wrong user ID or password 3 times.If you've lost both your user ID and password:
   - individuals in Self Assessment can request new ones (allow 7 days to get them by post) or sign up with the GOV.UK Verify trial
   - contact HMRC for all other online services
3. Leaving it too late to get help – If you need help from us don't leave it too late
4. Failing to complete all the parts of the return – For example leaving out PAYE information
5. Failing to press 'submit' – you would be surprised how many people complete the return and then stop without submitting or leave submission and then forget to do it
6. Missing out details of your Pension Provider
7. Failing to check the calculation – Most people do a rough calculation of what they owe but fail to check the HMRC calculation only to find out they have made a mistake
8. Using invalid characters such as # ' " in boxes where these are not allowed
9. Not paying the tax they owe by 31st January
10. Failing to explain where estimates and provisional sums have been used

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