

THE GOVERNMENT SETS OUT FUTURE TAX CHANGES



The Government has uploaded a raft of information yesterday, 21st July 2020, that sets out its agenda for the UK tax system in the coming months and years. Most of the changes outlined are in the form of consultations and expected changes; none will be mandated until they are included in future legislation. However, the published material does set out HMRC's agenda in some detail and we have listed below some of the changes announced.

Making Tax Digital

VAT traders with turnover above £85,000 already file their VAT returns using HMRC's Making Tax Digital (MTD) digital platform.

We have been waiting for confirmation for some time that the process will be extended. Those details have been released today. They are:

- From April 2022, MTD will be extended to all VAT registered traders with turnover below the VAT threshold (£85,000), and
- From April 2023, MTD will also apply to taxpayers who file income tax self-assessment returns with annual business or property income over £10,000.

Accordingly, all affected tax payers will need to be keeping their tax records in a form that will link with HMRC's MTD digital platform by the appointed dates.

If, in the coming months, you need help with this to ensure that you will be compatible and ready to meet these new challenges, please contact us and we would be delighted to advise you accordingly.

Other Tax Changes proposed

The following section outlines a number of draft proposals to be included in the Finance Bill (Budget) for 2020-21.

Income Tax – van benefit charge scrapped for zero emission vans

From 6 April 2021, this measure proposes to amend existing legislation to reduce the van benefit charge (VBC) for zero emissions vans to £nil. VBC for zero-rated vans is currently a proportion of the flat-rate charge payable by an employee provided with a company van by their employer that can be used privately, except for what is substantially ordinary commuting.

License applications to be tax checked

In an attempt to reduce the black economy, businesses that need a license to operate will be tax-checked as part of this process by HMRC. This will include taxi drivers, private hire vehicles and dealers in scrap metal.

The Government is considering extending this reform to Scotland and Northern Ireland in the future and will work with the devolved administrations to this effect.

The Government intends to consult on extending the principle of conditionality to other sectors over time.

Enterprise Management Incentives (EMI)

Employers and individuals that participate in EMI share schemes will be relieved to note that this proposed measure will ensure that individuals who are furloughed or who have their working hours reduced below the current statutory working time requirement for EMI as a result of coronavirus (COVID-19) will retain the tax advantages of the scheme.

HMRC will accept that, from 19 March 2020, if an employee who is with or to be issued with qualifying share options has met or would meet the requirements at the time of grant but for reasons connected to the coronavirus pandemic, the time which they would have spent on the business of the company will count towards their working time.

New rates of Stamp Duty Land Tax for non-UK residents

From 1 April 2021 it is proposed – for purchasers of residential property in England and Northern Ireland who are not resident in the UK – that new rates of SDLT will apply that are 2 percentage points higher than those that apply to UK residents. These increases will apply to freehold and leasehold purchases.

Regional differences in these rates may be published at a later date.

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Income Tax – post-employment termination payments

This measure will ensure that non-residents are charged to tax and National Insurance contributions on Post-Employment Notice Pay to the extent that they would have worked in the UK during their notice period. This change only affects individuals who physically performed the duties of their employment in the UK.

Call if you need more information

If you would like to discuss any of the issues raised in this Broadcast, please contact, Stephen Cook, Tax Partner on **01753 888211** or email **info@nhllp.com**

Visit our website for more details **www.nhllp.com**