



New tax year ushers in key business and tax changes

As the beginning of the 2018/19 tax year approaches, some significant changes to business and tax legislation are set to take effect. Here, we take a look at some of the key measures that could affect your business or personal finances.

Increase in employers' minimum auto-enrolment contributions

Currently the pension auto-enrolment legislation requires employers to contribute at least 1% on qualifying earnings. From 6 April 2018, employers may be required to increase the contribution they pay into their automatic enrolment workplace pension scheme. Affected employers will be required to pay a minimum of 2% from this time, with a further increase to 3% set to take place from 6 April 2019.

Reduction in the Dividend Allowance

The Dividend Allowance is set to reduce to £2,000 on 6 April 2018, from its current level of £5,000. The stated aim is to 'address the unfairness associated with director-shareholders' tax advantage'.

Rising National Living Wage (NLW) and National Minimum Wage (NMW) rates

From 1 April 2018, the NLW for employees aged 25 and over will increase to £7.83 per hour. Meanwhile, the NMW will

increase to £7.38 per hour for workers aged 21-24, and to £5.90 an hour for workers aged 18-20.

For workers who are aged 16-17, the NMW will rise to £4.20 per hour, and for apprentices, the rate will rise to £3.70 an hour. An apprentice is an individual who is aged under 19, or 19 and over and in the first year of their apprenticeship.

Introduction of the new Welsh Land Transaction Tax (LTT)

1 April sees the introduction of the new LTT, which preserves the essential structure of Stamp Duty Land Tax (SDLT), but with some key differences, including a higher starting threshold for residential properties. For those seeking to purchase a residential property in Wales, there will be no tax to pay on a home worth up to £180,000.

The new Scottish income tax bands

From 6 April 2018, a raft of additional changes will take effect for taxpayers who are resident in Scotland. In the 2017 Scottish Budget, the Finance Secretary for Scotland, Derek Mackay, announced two new income tax bands, bringing the possible income tax rates payable up to five. The new Scottish income tax rates range from 19% to 46%.

Rise in the pensions Lifetime Allowance (LTA)

The LTA has increased in line with the Consumer Price Index (CPI), and for 2018/19 it will rise from £1,000,000 to £1,030,000.

Contact us for more information or visit www.nhllp.com

Chancellor invites small firms to contribute views on VAT threshold

Chancellor Philip Hammond has invited small businesses to provide feedback on the impact of the current VAT threshold on their firm.

In November 2017, the Office of Tax Simplification (OTS) outlined a range of measures intended to help simplify the VAT system. The OTS suggested examining the current approach to the level and design of the VAT registration threshold, and argued that the current registration threshold of £85,000 is 'costly', and has a 'distortionary impact' on business growth and activity.

The government has acknowledged that the current design of the VAT registration threshold could be 'disincentivising' small businesses from expanding their firm. The consultation will explore the effects of the VAT threshold on small businesses and examine different policy options.

Businesses can contribute their views online at www.surveymonkey.co.uk/r/W7TLCZ7.

The deadline for firms to respond is 5 June 2018.

Meanwhile, the government recently introduced new rules to combat online VAT fraud. The measures, which were first announced by Mr Hammond during the 2017 Autumn Budget, strengthen the powers to make online marketplaces accountable for VAT fraud perpetrated by sellers using their platforms.

Under the government's new guidelines, online marketplaces will be liable for any unpaid tax if they do not remove sellers who fail to pay VAT from their sites. The regulations apply to both UK sellers and those based overseas.

Marketplaces are also now required to ensure that sellers using their platforms display a valid VAT number.

Please contact us for advice and assistance.

ESSENTIAL TAX DATES FOR APRIL

5 April

Last day of 2017/18 tax year.

Deadline for 2017/18 ISA investments and pension contributions.

Last day to make disposals using the 2017/18 CGT exemption.

14 April

Due date for income tax for the CT61 period to 31 March 2018.

19 April

Automatic interest is charged where PAYE tax, Student loan deductions, Class 1 NICs or CIS deductions for 2017/18 are not paid by today.

Penalties may also apply if any payments have been made late throughout the tax year. PAYE quarterly payments are due for small employers for the pay periods 6 January 2018 to 5 April 2018.

PAYE, Student loan and CIS deductions are due for the month to 5 April 2018.

Deadline for employers' final PAYE return to be submitted online for 2017/18.

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