



## OTS calls for 'urgent review' into how UK tax system affects businesses

**In a new report, the Office of Tax Simplification (OTS) has called for the government to carry out 'urgent work' in order to simplify the business tax system for UK firms.**

The OTS report focused on businesses owned by individuals and families, and examined how the tax system affects firms at each of the key stages of their development, from starting-up to disposal or cessation. The OTS's stated aim was to 'highlight the complexity entrepreneurs face when seeking to establish or grow a business'.

In the report, the tax reliefs and charges that apply to new and growing businesses were examined in order to ascertain how well they operate and whether they achieve their objectives.

The OTS concluded that the reliefs and charges would 'benefit from an overhaul to reduce complexity', which would help to make reliefs 'more accessible' to firms. The regulatory body has urged the government to consider streamlining or simplifying a number of key

reliefs in order to better help entrepreneurs in starting up and expanding their businesses.

The OTS has highlighted 12 key observations, focusing on two main areas: the operation of the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS) and Venture Capital Trust (VCT) schemes; and Entrepreneurs' Relief (ER), capital gains tax (CGT) gift relief and inheritance tax (IHT) reliefs for business.

The organisation has invited the views of businesses and the industry, and will 'consider some of the areas touched upon in more depth in the future'.

Paul Morton, Tax Director at the OTS, said: 'This paper takes a significant first step towards meeting the pressing need to undertake a detailed review of the tax system as it operates across the business lifecycle.

'It is aimed at helping the businesses that are the lifeblood of the UK economy to maximise their opportunities and to make the system clear and simple to understand and use.'

## Company car tax rises take effect

The company car has continued to be an important benefit for many employees, despite increases in the taxable benefit rates in recent years.

However, April 2018 saw the introduction of further changes affecting employer-provided cars, which could have a significant impact on your business motoring costs.

### Benefit-in-kind rates

Company cars are essentially taxed as a benefit-in-kind (BiK) by multiplying the list price of the car (including most accessories) by the 'appropriate percentage'. This is set by reference to the car's fuel type and level of CO<sub>2</sub> emissions.

In 2017/18, a reduced BiK rate of 9% applied for vehicles emitting no more than 50 g/km of CO<sub>2</sub>, but from April 2018 these rates have started to increase significantly.

Cars with CO<sub>2</sub> emissions of 0-50 g/km are now liable to a rate of 13%, with similar rises applying to cars with higher levels of emissions.

### Diesel cars

April 2018 also saw an increase in the additional diesel car supplement, which has risen from 3% to 4%. The maximum cap of 37% still applies (unless the car is registered on or after 1 September 2017 and meets the Euro 6d emissions standard).

### Capital allowances

Changes have also been made to the tax relief for business expenditure incurred on or after 1 April 2018. The 100% first year allowance for expenditure on cars now applies where emissions are less than 50 g/km, reduced from the previous level of 75 g/km. In addition, the limit for attracting an 18% writing down allowance has fallen from 130 g/km to 110 g/km.

### Electric charging points

There is perhaps more welcome news for those employers providing charging points for electric or hybrid cars, as HMRC intends to exempt employer-provided electricity from being taxed as a BiK, to apply retrospectively from 6 April 2018.

Further changes to company cars are due to take effect in 2019 and beyond, including additional increases in the BiK rates and the introduction of a new range of bands for ultra-low emission vehicles (ULEVs).

We can help you to plan ahead and decide on the most tax-efficient option for your business motoring needs. **Call us for more information**

## ESSENTIAL TAX DATES FOR MAY

### 3 May

Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 April 2018.

### 19 May

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

### 31 May

Deadline for forms P60 for 2017/18 to be issued to employees.

Get all the latest news on twitter @nunn\_hayward



## Nunn Hayward sponsor another great event with SportsAid Lunch Club

We were thrilled to welcome swimming legend Mark Foster to the lunch club. Mark burst onto the International swimming scene at 16, representing England at the 1986 Commonwealth Games. He went on to represent his country for 23 years and became Britain's most decorated male swimmer. Louise Sugden, 33, a para power lifter from High Wycombe was awarded £1000 from the SportsAid's Bucks Sporting Lunch. [www.buckssportinglunchclub.co.uk](http://www.buckssportinglunchclub.co.uk)



## QUOTE OF THE MONTH

'The Soft Drinks Industry Levy is ground-breaking policy that will help to reduce sugar intake, whilst funding sports programmes and nutritious breakfast clubs for children.'

*Steve Brine, Public Health Minister, commenting on the 6 April introduction of the government's so-called 'sugar tax'.*