Nunn Hayward

Broadcast

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Issue 36 – DECEMBER 2018

Personal & Business Taxation – Audit & Assurance – Accounting & Business Services

CHANGES TO CAPITAL ALLOWANCES ‘COULD DISADVANTAGE SOME BUSINESSES’

Chancellor Philip Hammond used the 2018 Autumn Budget to unveil significant changes to the capital allowances regime.

The majority of UK firms are able to claim a 100% Annual Investment Allowance (AIA) on the first portion of expenditure on most types of plant and machinery (excluding cars). The AIA applies to businesses of any size and most business structures: however, there are provisions to prevent multiple claims.

In the 2018 Autumn Budget, the Chancellor announced a temporary increase in the AIA, which will rise from £200,000 to £1 million. This applies to expenditure incurred from 1 January 2019 to 31 December 2020. Businesses are advised to time the purchase of plant and machinery carefully in order to make full use of the increase.

However, the Association of Taxation Technicians (ATT) has expressed concerns that the temporary increase in the AIA could actually reduce the tax relief available to some firms. The provisions contained within Finance Bill 2018-19 mean that a business with a year end of 31 March 2021 would have an effective AIA limit of £800,000, provided the business had incurred all of its qualifying expenditure for that year in the nine months to 31 December 2020. However, if the expenditure was instead incurred in the three months to 31 March 2021, the amount of AIA available would be restricted to £50,000. In light of this, the ATT has proposed the introduction of an opt-out clause.

Commenting on the issue, Jon Stride, Co-Chair of the Technical Steering Group at the ATT, said: ‘Without the type of measure which we are suggesting, many businesses (other than those with a 31 December year-end) will have to consider the tax implications of the precise timing of their capital expenditure.’

Mr Hammond also announced a new capital allowances regime for structures and buildings. The Structures and Buildings Allowance will apply to new non-residential structures and buildings. Relief will be provided on eligible construction costs incurred on or after 29 October 2018, at an annual rate of 2% on a straight-line basis. Relief will not be available for the costs of land or dwellings.

For advice on optimising the AIA for your business, please contact us on 01753 888211 or visit www.nhllp.com

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Making Tax Digital for VAT: reviewing the recent changes

With the introduction of Making Tax Digital for VAT (MTD for VAT) rapidly approaching, new developments may affect how a handful of businesses prepare for the measure.

In October, HMRC's MTD for VAT guidance was updated, outlining a significant deferral of the initiative for certain businesses and organisations.
A small group of taxpayers with 'more complex' requirements will be given an additional six months to prepare for MTD for VAT, and will therefore not be mandated to use the system until 1 October 2019.

The deferral applies to: not-for-profit organisations that are not set up as a company; trusts; VAT divisions; VAT groups; local authorities; public corporations; and traders based overseas. Public sector entities required to provide additional information on their VAT return, those who must make payments on account, and annual accounting scheme users are also covered by the deferral.

Meanwhile, HMRC has also launched its second pilot scheme for MTD for VAT, inviting more than half a million UK firms to test the system ahead of its April introduction. The pilot is open for businesses with 'up-to-date and straightforward' financial affairs. HMRC intends to extend the pilot to 'most other business types'.

HMRC has also begun to send businesses within the scope of MTD for VAT so-called 'encouragement letters'. These letters were recently sent to 200,000 firms which are eligible to join the pilot scheme, and some VAT-registered businesses with a turnover just below the VAT registration threshold.

For more information on MTD for VAT, please give us a call on 01753 888211 or visit www.nhllp.com.

ESSENTIAL TAX DATES FOR DECEMBER

1 December
New Advisory Fuel Rates (AFR) for company car users apply from today.

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

30 December
Online filing deadline for submitting 2017/18 self assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2019/20 tax code.

31 December
End of CT61 quarterly period.
Filing date for Company Tax Return Form CT600 for period ended 31 December 2017.

Nunn Hayward's annual Christmas Card Competition

We were delighted to again run our annual Christmas Card Competition, now into its 5th year, with local Schools; Gerrards Cross C.E School, St Mary's Girls School, Maltmans's Green School and Thorpe House Boys School.

This year a panel of judges were selected from within the firm. Each school had an overall winner and two runners up. The winning card designs have then been made into our Nunn Hayward Christmas cards to send out to clients.

We are pleased to announce that the winning cards for 2018 are as follows:

OFFICE MOVE

We will be moving offices during January.
Our last day at Sterling House will be 28 January 2019.

Our new address will be:
2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE

All other contact details will remain the same.

Nunn Hayward LLP, Sterling House, 20 Station Road, Gerrards Cross, Buckinghamshire, SL9 8EL 01753 888211 www.nhllp.com