



BUSINESSES URGED TO PREPARE NOW FOR POTENTIAL 'NO DEAL' BREXIT

With Brexit uncertainty continuing, HMRC recently wrote to 145,000 UK businesses to urge them to begin preparing now for a potential 'no deal' Brexit scenario.

The letters, which have been sent to VAT-registered businesses which trade only with the EU, outline changes to customs, excise and VAT in the 'unlikely event' that the UK leaves the EU without a deal.

The letters urge affected firms to take three actions now:

- Register for a UK Economic Operator Registration and Identification (EORI) number, in order to continue trading and in order to apply for customs authorisations
- Decide whether a customs agent will be used to make import and/or export declarations, or whether declarations will be made by the business via software, and contact an agent or software provider to confirm what information or systems are required
- Contact the organisation responsible for moving goods (for example, a haulage firm) in order to ascertain whether you will need to supply them with additional information to complete safety and security declarations, or whether you will need to submit these declarations.

HMRC intends to write to businesses in the future to instruct them on any additional action they will need to take, and when.

For more information on Brexit and its potential impact, please give us a call on 01753 888211 or visit www.nhllp.com.

Minimising your tax liability ahead of the tax year end

With the end of the 2018/19 tax year rapidly approaching, now is the ideal time to ensure you are making the most of the available allowances and exemptions. Here we highlight some key areas to consider by 5 April 2019.

Making the most of capital allowances

When capital equipment, such as plant or machinery, is purchased by a business, the cost of the equipment can be offset against profits by claiming capital allowances.

Most businesses are able to claim a 100% Annual Investment Allowance (AIA) on the first portion of expenditure. Please note that special rules apply for cars and certain 'environmentally friendly' equipment. The AIA applies to businesses of any size and most business structures: however, provisions are in place to prevent multiple claims.

During the 2018 Autumn Budget, Chancellor Philip Hammond announced an increase in the AIA from its current level of £200,000 to £1 million. The increase will apply to expenditure incurred from 1 January 2019 to 31 December 2020. Accounting periods which straddle these dates will be subject to complex calculations: therefore, it is vital that purchases are timed carefully.

Making use of your ISA allowance

A range of ISAs are available to savers, including the Lifetime ISA for those under the age of 40; the Help to Buy ISA for first-time homebuyers; and the Junior ISA for individuals aged under 18.

Savers are able to invest in any combination of cash or stocks and shares, up to the overall annual subscription limit of £20,000. An individual may only pay into a maximum of one Cash ISA, one Stocks and Shares ISA, one Help to Buy ISA, one Lifetime ISA and one Innovative Finance ISA. Savers have until 5 April 2019 to make their 2018/19 investment.

Retaining more of your profit

The Dividend Allowance reduced to £2,000 in April 2018, and the question of whether it is better to take a salary/bonus or a dividend requires careful consideration. Dividends are taken after corporation tax has been paid, while a salary or bonus is generally tax deductible for the business. However, a salary or bonus can carry up to 25.8% in combined employer and employee contributions.

Other tax-efficient ways of extracting profit might include considering incorporation, or making pension contributions.

Maximising personal allowances

Individuals are entitled to their own personal allowance (PA), which is set at £11,850 for 2018/19 (rising to £12,500 for 2019/20). If your spouse or partner has little or no income, you may want to consider transferring income or income-producing assets to them. However, care is required: the legislation governing 'income shifting' states that any transfer made must be an outright gift, given with 'no strings attached', so speak to us before taking any action.

Certain married couples may also be able to make use of the Marriage Allowance, which allows those eligible to transfer up to 10% of their PA to their spouse. The Marriage Allowance is available to married couples and civil partners where one spouse has income below the PA and neither spouse pays tax at the higher or additional rate. Up to £1,190 can be transferred in 2018/19, which could help to reduce a couple's tax liability by up to £238.

The strategies outlined above detail some of the ways in which you may be able to minimise your tax liability ahead of the 5 April tax year end.

We are able to advise on these and many other tax-saving initiatives – please contact us for more information on 01753 888211 or visit www.nhllp.com

ESSENTIAL TAX DATES FOR JANUARY

1 January

Due date for payment of corporation tax for period ended 31 March 2018.

14 January

Due date for income tax for the CT61 quarter to 31 December 2018.

19 January

PAYE, Student loan and CIS deductions are due for the month to 5 January 2019. PAYE quarterly payments are due for small employers for the pay periods 6 October 2018 to 5 January 2019.

31 January

Deadline for submitting your 2017/18 self assessment return (£100 automatic penalty if your return is late) and the balance of your 2017/18 liability together with the first payment on account for 2018/19 are also due. Capital gains tax payment for 2017/18.

Balancing payment – 2017/18 income tax and Class 4 NICs. Class 2 NICs also due.

OFFICE MOVE

We will be moving offices during January.

Our new address will be:

**2-4 Packhorse Road
Gerrards Cross
Buckinghamshire
SL9 7QE**

All other contact details will remain the same.