Broadcast

For all the latest news…

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

BEATING THE BUDGET

WHAT IS COMING…

The next Budget is due Autumn 2020, late October or early November, although this may be postponed until Spring 2021 if we have a further spike in coronavirus infections.

There has been the usual speculation that taxes will be increased in the forthcoming Budget to pay for COVID grants and support. Leaving aside the economic arguments for and against, what planning adjustments can we make now?

An overview

1. **Corporation tax.** It has been rumoured that corporation tax will be increased from the present 19% to 24%. If implemented this will be a significant increase.

2. **Income tax.** No reported changes to income tax but be watchful for regional variations as Scotland and Wales now set their own income tax rates and tax bandings.

3. **Capital Gains Tax.** There is a rumour that the Chancellor is considering aligning CGT rates with income tax rates. If enacted, this could potentially double tax payable on capital gains.

4. **Pensions tax relief.** Speculation that income tax relief – especially for higher rate income tax payers – will be reduced for pension contributions has been rife for a number of years. Perhaps the imperative to pay for COVID largesse may see action in this area in the upcoming Budget.

Strategies to beat the possible Budget changes

The following strategies could be considered:

1. **Advance income streams.** If you can organise workflow to advance the billing and completion of billable projects and supplies before 31 March 2021 – assuming CT rates do not increase until 1 April 2021 - then any profits created by these supplies will be taxed at the lower rate.

2. **Defer capital expenditure.** As with the previous tactic, if you can defer capital expenditure on new plant, vehicles or other equipment then it makes sense to incur these costs after 1 April 2021, when you can write off up to 100% of allowable costs and reduce CT liabilities at the higher rate.

3. **Review pension contributions 2020-21.** If tax relief is to be reduced following a Budget announcement it may make sense to maximise relief for 2020-21. Speak to your financial adviser or pensions adviser to discuss your options.

Planning is imperative

Basing tax planning decisions on speculative announcements, especially as these may be motivated by political considerations, is clearly unwise unless there are compelling reasons for doing so.

Ideally, any changes you might consider should make commercial sense as well as hedging your bets on possible future tax increases.

We all have unique business and personal financial circumstances, and these must be considered before undertaking any tax saving strategy. We therefore advise readers to call so that we can consider your options. Do not act on any matters discussed in this article without calling for advice.

UK plastic bag tax charge to be doubled and extended to all retailers

The fee for plastic shopping bags in England will be doubled to 10p and extended to all shops from April 2021.

Small retailers - those employing 250 people or fewer - will no longer be exempt, the Department for Environment, Food and Rural Affairs (Defra) has said.

According to Defra, since the charge was first introduced in 2015 it has successfully prevented billions of plastic bags being sold and ending up in the ocean and environment.

Government data shows the current levy, which stands at 5p and applies to any retailer employing 250 or more people, has led to a 95% cut in plastic bag sales in major supermarkets since 2015.

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Time to get your business-head in the cloud?

HMRC seem to be marching forward with their agenda to digitise the computation and collection of tax.

Likewise, we have seen many business owners try various PC based options to computerise their business accounts including the use of spreadsheets and many have taken the further step and embraced a cloud accounting solution.

What is cloud accounting?
Cloud accounting simply means that the software that organises your accounting transactions is based on a remote internet server. Your PC workstation, laptop, phone or iPad is simply an access point to the software.

Which cloud solution should you use?
We have our preferred providers. Our recommendations on these very much depend on the range of services that you need your software to produce; whether this be payroll, bookkeeping, VAT submission, accounts, cashflow reports and/or key indicator reports.

ESSENTIAL TAX DATES FOR SEPTEMBER

19 September
PAYE, Student loan and CIS deductions are due for the month to 5 September 2020.

30 September
End of CT61 quarterly period.

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What are the advantages of cloud accounting?

- **Security** – no need to take local backups, this is done for you by the software provider.
- **Multiple access** – you can access your accounts from any internet connected device.
- **Data share** – you can authorise us to act on your behalf, so we can access your accounts and help you resolve issues online. We can also review – keep an eye on – the management accounts that most cloud solutions produce.

We can help you
Call us and we can help you navigate through the best options for you.

Calls for further help for employers as furlough wind-down begins

From 1 August, employers have to pay national insurance contributions (NICs) and pension contributions for furloughed employees. From this date the level of the grant is being reduced each month. Employers are taking on an increasing proportion of pay for employees who are furloughed.

The CJRS will close at the end of October, and will be followed by the Job Retention Bonus, which will see UK employers receive a one-off payment of £1,000 for each furloughed employee who is still employed as of 31 January 2021.

Additionally, firms in England that hire an apprentice between 1 August 2020 and 31 January 2021 will receive £2,000 if, on the apprenticeship start date, the apprentice is aged between 16 and 24 years old, or £1,500 if, on the apprenticeship start date, the apprentice is aged 25 years or older.

The FSB is urging the Government to help employers in regard to NICs, either through an uprating of the Employment Allowance or an NICs holiday for firms who employ those furthest from the workplace.