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NATIONAL INSURANCE

National insurance rates will be cut from November. The 1.25% increase in national insurance contributions (NICs), which took effect earlier this year, will be reversed on 6 November 2022. The change, which was announced by the new Chancellor on the 23rd September 2022, will benefit almost 28 million working people.

DIVIDENDS

The dividend allowance is a 0% tax on dividend income, in addition to your personal allowance. This allowance is currently £2k, however it is set to reduce to £1k for 2023/24 and then to £500 from 6th April 2024. This means inevitably more people will be liable to dividend taxes in the future. The rates of such dividend taxes are as follows:

| | 2022/2023 |
|-----------------|-----------|
| Basic Rate | 8.75% |
| Higher Rate | 33.75% |
| Additional Rate | 39.35% |



SUPER DEDUCTIONS 130%

As of the 31st March 2023 the Super Deduction, where 130% could be claimed on acquiring new qualifying plant and machinery, will end. Although no definite decision has been made, HMRC are currently looking at several methods on how capital allowances could be improved to help businesses fill the gap that 130% super deduction will leave.



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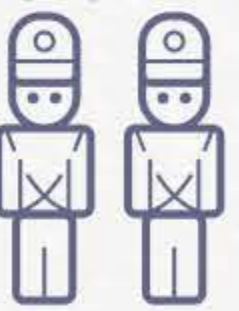
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INCOME TAX

Income tax additional rate threshold has reduced from £150,000 to £125,140 from 6 April 2023, additional tax rate is 45%. Therefore, those earning £150,000 or more will pay just over £1,200 more in tax a year.

Those with income between £125,140 and £150,000 will now be paying an additional rate of 5% as well as losing their eligibility for the £500 personal savings allowance. Resulting in extra tax on savings income of up to £225.

Around 250,000 more people will be paying the top rate of tax. The good news is there are still ways you can reduce the tax you pay, from investing in pensions and ISAs to crystallising capital gains liabilities NOW rather than next year.



CORPORATION TAX

From 1st April 2023, the rate of corporation tax is increasing to 25% for companies with profits above £250,000. However, small companies with profits up to £50,000 remain unaffected as the rate of corporation tax is set to remain at 19%. The rate of tax profits between £50,000 and £249,000 is set to be tapered, the effective rate of tax in this bracket is 26.5%.

CGT HALVED

Chancellor Jeremy Hunt has decided to reduce the capital gains tax (CGT) allowance. The threshold for paying capital gains tax has been halved from £12,300 to £6,000 for the 2023/24 tax year and will be cut again to £3,000 in the 2024/25 tax year.

AIA

The annual investment allowance (AIA) allows businesses to claim a 100% deduction on capital expenditure on qualifying plant and machinery up to a certain limit.

The AIA was set at £200,000 with effect from 1 January 2016 and was increased to £1 million on a temporary basis from 1 January 2019. This temporary increase has been subject to several extensions since it was first announced with the latest extension due to run out on 31 March 2023. Rather than yet another extension the government have now announced that the AIA will be permanently set at £1 million. The permanent replacement will be welcome as it provides a greater level of certainty to businesses and removes the complexity of changing amounts. The government are hoping this permanent change will encourage further business investment and expect that the new permanent allowance will cover the investment needs of 99% of UK's businesses.

TAX ALLOWANCES FROZEN

There are numerous tax allowances that have been frozen as a result of the November 2022 Autumn Statement. These include the following: Personal allowance will remain at £12,570 and the point at which individuals become liable for the higher rate of 40% will remain at £50,270, in both cases until April 2028.

The main National Insurance thresholds will remain frozen until April 2028.

Inheritance Tax nil rate bands will remain frozen until April 2028. The nil-rate band is frozen at £325,000, the residence nil-rate at £175,000, and the residence nil-rate band taper will continue to start at £2 million.

VAT threshold will maintain at £85,000 to March 2026.

As wages are increasing in an attempt to combat soaring inflation, you'll notice that you'll be paying more tax on your earnings, with more of the population being pushed over the £50,270 threshold that is mentioned above as frozen, making them liable for the 40% income tax rate on earnings above the £50,270.

At the same time, those that are self-employed or owners of a business may have been forced to increase their selling prices due to the increased costs we are seeing. As a result of this, business owners and the self-employed who are not VAT registered will need to be constantly reviewing their annual total VAT taxable turnover. If this is going to go over the £85,000 threshold in the next 30 days after review then VAT registration will be required, which we are more than happy to assist you with.

MTD

Making Tax Digital has been postponed AGAIN! As no surprise, the Making Tax Digital for Income tax has been extended to 6 April 2026. We will be sending out booklets detailing more information regarding this in early 2023. These will explain who will be affected, what to expect and what you need to do.

INVESTMENT ZONES

In a bid to drive growth and investment, the Chancellor announced the concept of Investment Zones in his recent Mini Budget.

Currently 38 local authority areas, including Derbyshire, Staffordshire, Stoke on Trent and West Midlands, have shown an interest in establishing Investment Zones which will have some attractive tax incentives for investors.

There will be full Stamp Duty Land Tax relief for the land and buildings purchased for development.

Enhanced Capital allowances will give 100% first year allowance on qualifying plant and machinery.

An enhanced Structures and Buildings allowance of 20% will be available. This compares favourably with the standard SBA of 3%.

There will be 100% relief from Business Rates on newly occupied premises for 25 years.

A Zero Rate Employers NIC allowance will be available on salaries of any new employee working in the tax site for at least 60% of the time, up to an earnings limit of £50,270 pa.

It is hoped these incentives will prove an attractive prospect to developers seeking to expand into the investment zones.

Further details can be found in the government's 'The Growth Plan 2022' policy document.



VAT SYSTEM ERRORS



Recently, we have seen an increase in the number of letters sent out to businesses, from HMRC, registering the company for VAT when both the accountant and client have not sent a request for the registration. This has been occurring due to errors on HMRC's behalf. However, there has been a case whereby scammers have somehow been able to begin the registration for VAT and to submit a return. Scammers are doing this in order to claim a VAT repayment from HMRC after the registration has been completed. Therefore, it is vital that you contact us if you receive any form of correspondence from what looks like HMRC registering you for VAT, when you know that this should not have been requested. Please don't hesitate to get in touch with one of our offices, if you are unsure on the information provided in any letters you receive from HMRC.

VAT POINT SYSTEM



Late Submission Penalties

For VAT periods starting on or after 1 January 2023, the default surcharge will be replaced by new penalties if you submit VAT returns late or pay VAT late. There will also be changes to how VAT interest is calculated.

Who is affected.

The changed will affect everyone submitting VAT returns for accounting periods starting on or after 1 January 2023. Any nil or repayment VAT returns received late will also be subject to late submission penalty points and financial penalties.

If you submit your VAT return late.

Late submission penalties will work on a points-based system.

For each VAT return you submit late you will receive one late submission penalty point.

Once a penalty threshold is reached, you will receive a £200 penalty and a further £200 penalty for each subsequent late submission.

The late submission penalty points threshold will vary according to your submission frequency.

Submission frequency penalty points threshold period of compliance.

Annually 2 24 Months

Quarterly 4 12 Months

Monthly 5 6 Months

You will be able to reset your points back to zero if you:

- Submit your returns on or before the due date for your period of compliance – this will be based on your submission frequency.
- Make sure all outstanding returns due for the previous 24 months have been received by HMRC.

If you do not pay your VAT on time

For late payment penalties, the sooner you pay the lower the penalty rate will be.

Up to 15 days overdue you will not be charged a penalty if you pay the vat you owe in full or agree a payment plan on or between days 1 and 15. Between 16 and 30 days you will receive a first penalty calculated at 2% on the VAT you owe. 31 days overdue you will receive the 16-30 days penalty plus and addition 2% on the VAT you owe at day 30.



NATIONAL LIVING WAGE INCREASE



The rates announced in the Autumn Statement include the largest increase to the NLW since its introduction in 2016 and for a full-time worker it will mean nearly £150 more per month in wages. For younger workers there is also a significant increase in the National Minimum Wage (NMW). For 21–22-year olds the gap will narrow with the NLW with the intention that this age group will be on course to receive the full NLW by 2024. For those below 18-years old and apprentices, the increase is in line with the NLW increase of 9.7% and is in recognition of the tight labour market and strong demand for labour in youth-friendly sectors.

| | Rate from April 2023 | Current rate to March 2023 | Increase - £ | Increase - % |
|--|----------------------|----------------------------|--------------|--------------|
| National living Wage 23 years and over | £10.42 | £9.50 | £0.92 | 9.7% |
| 21-22 year old rate | £10.18 | £9.18 | £1.00 | 10.9% |
| 18-20 year old rate | £7.49 | £6.83 | £0.66 | 9.7% |
| 16-17 year old rate | £5.28 | £4.81 | £0.47 | 9.7% |
| Apprentice Rate | £5.28 | £4.81 | £0.47 | 9.7% |
| Accommodation offset | £9.10 | £8.70 | £0.40 | 4.6% |

Employers need to be preparing for the wage increase before 1 April 2023. For existing employees and new starters, you will need to ensure that you are paying the correct rate from that point onwards and you may need to update their contracts if they don't already comply.

The new rates will apply to the first pay reference period which falls on or after 1 April 2023. There are many factors which should be considered with regards to the calculation of minimum wages, what may be included or excluded and what records need to be kept. Please contact our payroll departments who will be able to help and offer advice.

For many businesses, especially where profit margins are already tight, the change will bring significant cost increases. Our accounting colleagues are here to help you deal with these increases and to assess and discuss the effects on your business if you should need more advice and support.

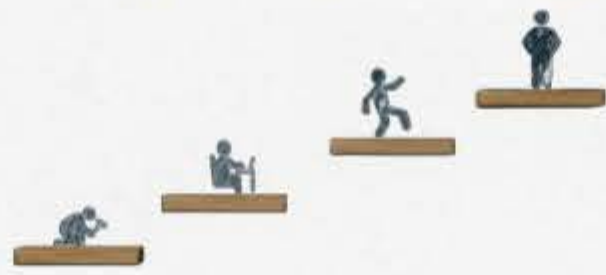


CORRECT BUSINESS STRUCTURE

Are you trading under the correct business structure?
Following the recent tax changes announced by the UK government, it is now more important than ever to make sure that your business is set up in the most tax efficient way possible.
There are a number of different business structures that you could operate, including:

- Sole Trader
- Partnership
- Limited Company
- Limited Liability Partnership

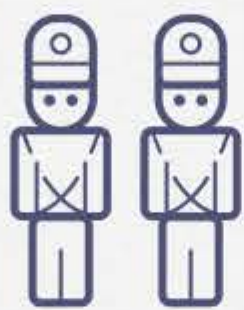
You could even operate a combination of these if you have different trading activities. If you are unsure as to whether changing business structures would benefit or hinder you, then we advise you to get in contact with your client manager, who will be able to discuss this in more detail with you based on your trading activities and requirements.



TAX ON ELECTRIC VEHICLES



Who is likely to be affected?
Current and future owners of electric cars, vans and motorcycles. This measure will affect both private owners and organisations who own electric vehicles (EVs).
Autumn statement 2022: road tax changes
Electric cars will no longer be exempt from road tax. From April 2025, all cars - whether they are petrol, diesel or electric - will be subject to the £165 annual charge for Vehicle Excise Duty (VED), commonly known as road tax.
Electric cars first registered from April 2017 will have the £165 fee applied to them retrospectively, ending the exemption they had previously benefited from. The £355 annual 'Expensive Car Supplement', which applies to cars that cost £40,000 or more from new, will also be applied to EVs from April 2025 - although this only applies to EVs sold from that date - it is not a retrospective charge like the standards VED fee.
Autumn statement 2022: company car tax changes
Electric cars and ultra low emission vehicles (which emit 75g/km or less of CO2) will also see increases in the amount of company car tax they are subject to, with a 1% increase being applied in the 2025/6 financial year, a further 1% rise in 2026/7, and another 1% rise in 2027/8. This means EVs will attract a 5% Benefit-in-Kind (BiK) rate in 2027/8, while low-emission vehicles will be subject to a maximum of 21%.



R & D TAX CLAIMS

To tackle abuse HMRC have introduced new measures, some of which were mentioned through the budget and from 1st April 2023 the following needs to be considered:

1. If you are making a claim for the first time or didn't make one on the previous years return, you will need to notify HMRC within 6 months of your year end with your intention to make a claim.
2. The amount of the deduction for qualifying expenditure will be reduced from 130% to 86%.
3. Companies surrendering losses created by R&D claims, the amount of tax credits they will be able to reclaim will reduce from 14.5% to 10%.

COVID - WFH

It is no longer a legal requirement to stay at home if you have tested positive for COVID and is to be treated the same as any other illness or disease.
However, if you ask an employee to stay away from work as you are worried about colleagues or clients becoming infected and they do not have the facilities to work from home, they are entitled to full pay - not sick pay.

REFERRALS

If, over the past twelve months or between now and Easter you recommend our services to a friend of yours and they in turn become clients of WHL, we would like to say Thank you by offering you the chance to win a Hamper in our Easter Prize Draw.
Just email Kelly@wynniatt-husey.com with your details and those of your referral & we will make sure you are 'in the hat'. More information to follow at a later date.

WHL CLUB

Would you be interested in joining our club? WHL have a huge array of contacts and wondered if you would like to get to know each other? We are considering a networking event where you could meet potential new clients, suppliers, or service providers.
If you are interested please email office@wynniatt-husey.com and we will get back to you with more information.

TAX RETURNS DUE & YEAR END CHANGES

HMRC confirmed that MTD for Income Tax Self-Assessment will be introduced from April 2024, for sole traders and landlords with gross income over £10,000. All businesses which were in existence immediately before 6 April 2023 will join MTD for ITSA from 6 April 2024, regardless of their accounting period end. This is expected to affect 4.4m taxpayers and will require quarterly reporting of income for the first time, plus a year end consolidation statement. The rules will apply from April 2025 to general partnerships with business or property income that only have individuals as partners.
The first quarterly updates under MTD for ITSA will therefore be due for filing by 5 August 2024, and will cover either the quarter ended 5 July 2024, or 30 June 2024. Separate quarterly updates will be required for each trade or property business carried out on by an individual. The quarterly reporting is a summary, providing a total of the incomes and outcomes going through the business per quarter.
HMRC are currently working with software developers to bring in more customers for the 2022-23 tax year, allowing us to test the system and build in customer and agent feedback as they go.
Taxpayers will need to have an accounting period that aligns to the tax year (6 April to 5 April) to join the 2022-23 pilot, and have MTD compatible software before signing up.



OFFICE SPACE AVAILABLE!

In pursuit of a new office base, Wynniatt-Husey are please to announce that they have purchased The Talbot Inn on the corner of the High Street in Cheadle.
Currently being renovated we should have a vacant office/ shop space to rent early in the new year. If you, or anyone you know is interested in renting a modern space in a newly refurbished property and would like further details please contact 01889 583211 and leave your details with reception or email office@wynniatt-husey.com.

40

We're celebrating a big birthday next year. In April 2023 Wynniatt-Husey will have been in business for 40 years.

Look out for our next newsletter for details on how you can help us to mark the occasion in style.

CHILD BENEFIT

Whilst there have been no direct changes to the child benefit threshold, more and more families are to be pushed above the £50,000 earnings repayment limit, due to rising wages and a stagnant child benefit threshold.
According to the Institute of Fiscal Studies (IFS), roughly 200,000 families will be pushed over the £50,000 threshold, meaning that, for ever £100 earned of the threshold, 1% of child benefit will be lost, until hitting the £60,000 mark, where child benefit will be completely taken away.
The child benefit threshold, since introduced in 2013, had not changed from the current £50,000. If this figure had increased in line with inflation over the years, it would start at £63,000.

