

# Ellacotts Tax Newsletter February 2019

Our newsletter this month includes: the opportunity to consider your tax planning options for 2018-19; are you ready for the VAT filing changes; what is the government doing to prepare us for Brexit and what can you give away before the end of the tax year?

Our next newsletter will be published on Thursday, 7 March 2019.

## What are your tax planning options for 2018-19?

Tax planning opportunities for 2018-19 ends on 5 April 2019, just a couple of months away.

This applies equally to individuals and all businesses with an accounting year end close to, but prior to 5 April 2019.

More importantly, this planning option applies to: Income Tax, Capital Gains Tax and Corporation Tax; and in some cases, to National Insurance and VAT.

### Organise a tax planning review now.

If your personal or business tax affairs are complex, make sure you avail yourself of this moment of reflection before 5 April 2019. Once the date is passed, there is no chance the clock can be turned back.

2019 will likely be marked out as the year when our present relationship with the rest of Europe changes, once again adding to the usual pressures faced by UK businesses. There has never been a more opportune moment to take time out from running your business to consider your planning options for the current tax year.

As time is limited please call now to discuss your options.

## Are you ready for the VAT filing changes?

A reminder that from 1 April 2019, VAT registered traders with turnover in excess of the current VAT registration limit, £85,000, will need to file returns after 1 April 2019 linked to HMRC's Making Tax Digital (MTD) systems.

Accounts software providers have been working at some pace to change their software, so they "speak" to HMRC's MTD servers using a dedicated link called an API (an application program interface). If we complete your VAT returns, you can be assured that we will be using approved software. If you manage your own VAT filing, you should check with your software supplier to make sure they are going to provide the MTD, VAT filing facility.

Any issues please get in touch as we can either take over this chore for you or advise which software to use. Any mention of software thus far in this article refers to your account's software. It does not include spreadsheets. Spreadsheets create a particular issue for filing VAT numbers via MTD. If the data in the spreadsheets is linked electronically to the final VAT filing software all is well. If you have to cut and paste data from a spreadsheet into accounts software this will not be sufficient for MTD purposes. However, HMRC has said that they will allow a period of time – a soft landing – for businesses to have digital links in place on or before 31 March 2020.

Do get in touch if you are struggling to achieve MTD compatibility before 1 April 2019.

## What is the government doing to prepare us for Brexit?

According to a recent announcement on the GOV.UK website, preparations include:

- Recruitment of 700 new staff to work on EU Exit policy using additional funding allocated by HM Treasury for Brexit preparedness.
- Passing of new legislation to lay the groundwork for our future outside the EU with 57 out of 63 required statutory instruments required by Exit day, including new laws for a nuclear safeguards regime that will maintain the UK industry's ability to trade in the nuclear sector while ensuring the UK remains on track to meet its international obligations on day one of exit.
- Laying of legislation and the putting in place of new measures to ensure a robust and effective product safety and metrology regime post-Exit by the Office for Product Safety and Standards.
- The publication of 28 technical notices, including oil and gas, climate change, company law and state aid. These will continue to be updated. These notices also include guidance about what actions businesses need to take in order to carry on exporting and importing a range of goods and services,
- Continuing to work closely with the UK research community to maintain collaboration with the EU while laying legislation to ensure laws governing areas like employment rights and renewable energy remain world-leading after we leave.
- Retaining a general system for recognition where UK regulators will be required to recognise EEA and Swiss qualifications which are of an equivalent standard to UK qualifications in scope, content and level.
- Working with Ofgem, the Northern Ireland Utility Regulator and interconnector operators to put in place arrangements that aim to ensure that electricity and gas continue to flow across borders through interconnectors.
- Signing Nuclear Cooperation Agreements (NCA) with Australia, Canada and the United States. The NCAs allow the UK to continue civil nuclear cooperation when current European Atomic Energy Community (Euratom) arrangements cease to apply in the UK.
- Protecting our climate ambition by taking steps to ensure that, if we leave the EU Emissions Trading Scheme, on day one companies will still have to report their carbon emissions and there will be a carbon tax of equivalent impact – to make sure that these important emissions don't increase as a result of a no deal scenario.
- Publishing a package of secondary legislation in December to ensure our energy laws function effectively after exit day, including: European Network Codes, Electricity and Gas Acts, and EU regulations under the Third Energy Package.
- £92 million of funding work on the development of options for a UK Global Navigation Satellite System; and
- Working with Cabinet Office, DExEU and other departments to ensure all business sectors are appropriately informed on all major issues.

## What can you give away before the end of the tax year?

You can give away £3,000 worth of gifts each tax year (6 April to 5 April) without them being added to the value of your estate. This is known as your 'annual exemption'.

You can carry any unused annual exemption forward to the next year - but only for one year.

Each tax year, you can also give away:

- wedding or civil ceremony gifts of up to £1,000 per person (£2,500 for a grandchild or great-grandchild, £5,000 for a child)
- normal gifts out of your income, for example Christmas or birthday presents - you must be able to maintain your standard of living after making the gift
- payments to help with another person's living costs, such as an elderly relative or a child under 18
- gifts to charities and political parties

You can use more than one of these exemptions on the same person - for example, you could give your grandchild gifts for her birthday and wedding in the same tax year.



### **Small gifts up to £250**

You can give as many gifts of up to £250 per person as you want during the tax year as long as you have not used another exemption on the same person.

### **Tax Diary February/March 2019**

19 February 2019 - PAYE and NIC deductions due for month ended 5 February 2019. (If you pay your tax electronically the due date is 22 February 2019)

19 February 2019 - Filing deadline for the CIS300 monthly return for the month ended 5 February 2019.

19 February 2019 - CIS tax deducted for the month ended 5 February 2019 is payable by today.

1 March 2019 - Due date for Corporation Tax due for the year ended 31 May 2018.

2 March 2019 – Self assessment tax for 2017/18 paid after this date will incur a 5% surcharge.

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