



Compass Accountants

Newsletter - May/June 2015

Helping you to shape your future... not just accounting for your past...

TaxAngles - For proactive tax planning

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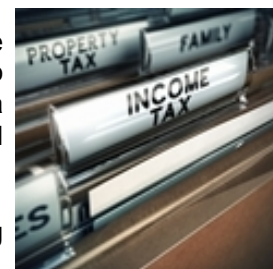
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Personal tax changes from 6 April 2015

HMRC has kindly published a list of the tax changes that affect individuals from 6th April 2015. We have reproduced the list below.

- Individuals over the age of 55 have flexible access to their defined contribution pension savings.
- The Income Tax Personal Allowance increases to £10,600.
- The higher rate Income Tax threshold increases to £42,385.
- The new Marriage Allowance comes into effect.
- The starting rate of savings Income Tax reduces from 10% to 0% for savings up to £5,000.
- The cash ISA limit increases to £15,240.
- Child Trust Funds can now be transferred into Junior ISAs.
- Spouses can now inherit their deceased partner's ISA benefits.
- If an individual dies before the age of 75, they can now pass on their unused defined contribution pension savings free of Income Tax.
- Beneficiaries of individuals who die under the age of 75 with a joint life or guaranteed term annuity can now receive any future payments from such policies free of Income Tax.
- Employers will no longer have to pay employer NICs for employees under the age of 21.
- Class 2 NICs for the self-employed can now be collected through Self Assessment.
- The Employment Allowance extends to include people employing care and support workers to look after themselves or family members.

- A new annual remittance basis charge of £90,000 is introduced for non-domiciled individuals who have been resident in the UK in at least 17 of the last 20 years, and the charge paid by non-domiciled individuals who have been resident in the UK in at least 12 of the last 14 years has increased from £50,000 to £60,000.
- Non-UK resident individuals, trusts, personal representatives and narrowly controlled companies are now subject to Capital Gains Tax on gains accruing on the disposal of UK residential property.
- Capital Gains Tax annual exemption amount has increased to £11,100.
- The Capital Gains Tax charge on disposals of properties liable to ATED extends to cover residential properties worth £1 million - £2 million.
- The requirement that 70% of Seed Enterprise Investment Scheme money must be spent before EIS or VCT funding can be raised is removed.
- The Fuel Benefit Charge multiplier for both cars and vans increases by RPI.
- The Van Benefit Charge increases by RPI. In 2015-16 the Van Benefit Charge rate paid by zero emission vans is 20% of the rate paid by conventionally fuelled vans.
- Tax Credit payments are stopped in-year where, due to a change in circumstances, a claimant has already received their full annual entitlement.



If you need more information regarding any of these changes please call.

Quote of the month...

"The only limit to our realisation of tomorrow will be our doubts of today. Let us move forward with strong and active faith."
- Franklin D. Roosevelt - President of USA

Business and corporate changes from 1 April 2015

The published list of tax changes that affect primarily businesses are listed below.

- The Corporation Tax rate has been reduced to 20%.
- The new Diverted Profits Tax has been introduced.
- The bank levy has increased from 0.156% to 0.21%.
- Air Passenger Duty has been restructured - abolishing bands C and D.
- Hospice charities, blood bikes, search and rescue, and air ambulance charities will be eligible for VAT refunds.
- Business rates changes (England only):
 - The business rates multiplier has increased from 48.2p to 49.3p (47.1p to 48.0p for small business multiplier). This includes the 2% inflation cap.
 - The Small Business Rate Relief scheme has doubled for a further year - providing 100% relief for businesses with a single property with a rateable value of less than £6,000, and tapered relief with a rateable value of £6,000 - £12,000.
 - The business rates discount for shops, pubs, cafes and restaurants with a rateable value of £50k or below has increased from £1,000 to £1,500.
- The cultural test for high-end TV tax relief has been modernised and the minimum UK expenditure requirement for all TV tax reliefs has reduced from 25% to 10%.
- A new tax relief on the production of children's television has been introduced.
- The amount of banks' annual profit that can be offset by carried forward losses has been restricted to 50%.
- Two new bands for the Annual Tax on Enveloped Dwellings (ATED) have been introduced.
- Capital Gains Tax exemption for wasting assets will only apply if the corporate selling the asset has used it in their own business.
- An investment allowance for North Sea oil and gas, replacing the existing offshore field allowances and simplifying the existing regime, has been introduced.
- A reduced rate of fuel duty to methanol will apply - the rate is 9.32 pence per litre.
- Fuels used to generate good quality electricity by CHP (combined heat and power) plants for onsite purposes are exempt from the Carbon Price Floor.
- Climate Change Levy main rates have increased in line with RPI.
- The VAT registration threshold has increased from £81,000 to £82,000 and the deregistration threshold from £79,000 to £80,000.
- Scottish Government's Land and Buildings Transactions Tax (LBTT) will replace Stamp Duty Land Tax in Scotland.
- The associated companies rules have been replaced with simpler rules based on 51% group membership.
- The standard and lower rates of landfill tax have been increased in line with RPI.

Again, if you need more information on any of these changes please call.

Reclaim VAT from mileage payments

If you pay your employees a mileage rate for the business use of their personal vehicles, as long as you do not exceed the approved rates per mile, there is no necessity to report these payments to HMRC and the payment will not be treated as a taxable benefit. Employers and employees may also find the notes that follow instructive:

1. The maximum tax free rates per mile for the use of a car are: 45p per mile for the first 10,000 business miles and 25p per mile thereafter.
2. Employers are not obliged to pay these rates, but if they are exceeded the excess will need to be reported to HMRC as a benefit in kind.
3. If employers pay less than the 45p (25p) rates the employee can obtain tax relief on the difference by making a claim to HMRC.
4. Employers can reclaim the deemed VAT on the fuel elements of the mileage allowance payments by using the approved fuel rates. See table below.

Advisory fuel rates per mile from 1 March 2015 are:

- 1400cc or less: petrol 11p; LPG 8p.
- 1401-2000cc: petrol 13p; LPG 10p.
- Over 2000cc: petrol 20p; LPG 14p.

Diesel rates are:

- 600cc or less: 9p
- 1601-2000cc: 11p
- Over 2000cc: 14p

Example:

David is paid for a 200 mile business trip at 30p per mile (his annual business mileage claims are well below the 10,000 maximum). He runs a 1500cc petrol car. He can make a claim to HMRC to deduct £30 mileage allowance from his taxable pay (200 x 15p). His employer can recover VAT input tax on the fuel element (200 x 13p) x 1/6 = £4.33.



HMRC scores hat-trick

HM Revenue and Customs has secured three tribunal wins against tax avoidance schemes, protecting over £260 million in tax.

All three rulings uphold earlier judgments in HMRC's favour at the First-tier Tribunal.

The Upper Tribunal dismissed an appeal brought by users of a scheme that sought to create artificial losses by using a combination of the employment Income and Capital Gains Tax rules on share options. The judges dismissed the appeal without needing to hear substantive arguments from HMRC, and indicated that written reasons would follow. There were 420 users of this scheme.

The Upper Tribunal also dismissed two other cases. These bespoke schemes were designed by banks to provide the users with a much higher tax-free return on their cash deposits than they could have obtained by placing funds in a normal deposit account. Both of these schemes were marketed and sold by banks some years ago for substantial fees. The court joined these two separate cases because of similarities between the schemes.

Warning over pension scams

Those approaching retirement are being urged to be aware of a rise in pension scams, as criminals seek new ways to defraud pensioners.

Savers have been urged to be aware of a rise in pension scams, as criminals seek new ways to defraud pensioners. A report produced by Citizens Advice looked at 150 cases where pensioners had fallen victim to fraudsters. The report identified common types of scams which include:

- encouraging pensioners to move their savings into a 'new' pension
- fake investment opportunities and
- offering apparently 'free advice' and support which actually costs money.

In some cases pensioners are charged a fee for a service that isn't required, while others are encouraged to part with personal information and bank details, either by email or phone.

Gillian Guy, Chief Executive of Citizens Advice said:

'Scammers see pensioners as a prime target... 'There are many people looking to benefit from the new pension rules, including scammers. Fraudsters can ruin people's retirement plans by taking a portion or all of a victim's pension pots.'

The Pensions Regulator (TPR) has recently launched a campaign to alert people to the danger posed by fraudsters. From 6 April 2015 individuals have more flexibility as to how they use their pension pot, including the option to choose to take all their savings as a cash lump sum. TPR has warned that scammers are exploiting this change by enticing those about to retire with promises of 'one-off investments' or 'pension loans' or 'upfront cash', most of which are bogus.

Individuals who believe they are being targeted by a pension scam should contact the Pensions Advisory Service on 0300 123 1047. The Financial Conduct Authority's website also has a list of known scams. Visit scamsmart.fca.org.uk.

Client focus - DSW IT Consulting Limited - Providing IT solutions for every size of business

Business Development Manager - Debbie Walker

As an independent Business Development Manager, Debbie Walker works exclusively in association with P.S. Computer Services Ltd, providing IT solutions to numerous SME and Enterprise clients across the South of England.

Assisting the organisation by improving its market share, Debbie has worked with P.S Computers for over 20 years, generating business by establishing new partnerships, identifying new opportunities and developing and implementing projects in new and existing markets.

Debbie explains, "If an organisation requires a complete managed service, I will implement and oversee this project in association with P.S Computers. We offer clients access to a complete IT managed service solution, whether it's for a sophisticated infrastructure hosting project, cloud solutions, helpdesk's, data centre migrations, desktop roll outs or the provision of permanent or contract staff - we provide the manpower to implement any IT project."

The projects Debbie manages are scalable and therefore range from large developments such as data centre shifts, to smaller projects such as facilitating relocations for smaller businesses.

"In the same way that my clients like dealing with me as a local business person, I in turn prefer to deal with local suppliers. In that regard Compass is the perfect choice of accountancy firm for me. They have always been courteous, proactive and are available whenever I need them."

Debbie has been a client of Compass Accountants for 17 years and explains, "Over the years Compass has supported me by managing my company accounts, completing tax returns and offering valuable tax planning advice. I also feel confident that my business complies with all relevant Government legislation."

Debbie continues, "Compass has been incredibly important to my business and it's been a pleasure having Stuart as my advisor, who makes me feel as though I am his only client. The team at Compass have helped and guided me through various issues and circumstances, providing me with important and essential advice."

"They make a point of going out of their way to help and have even provided guidance on issues outside of their remit, such as help with working tax credits for example. It has been a pleasure working with them and I would have no hesitation recommending them to other local businesses."

If you would like to contact Debbie Walker, her email address is : Deborah@pscomputer.co.uk. 07774 914254

Website: www.pscomputer.co.uk

Compass For Giving - Louis Little Legs

Compass are raising money for Louis Little Legs, a cause close to Sam Beaven, our client manager's heart. Louis is her close friend's son.

Louis is 3 years old and has been diagnosed with Spastic Diplegia, a form of Cerebral Palsy.

This means that his muscles are so tight he is unable to straighten his legs or left arm fully. It also means he finds it difficult to do simple things like sitting on the floor with his legs out front, getting up from the seated position, getting dressed/undressed and he struggles to keep his balance, or even stand still!

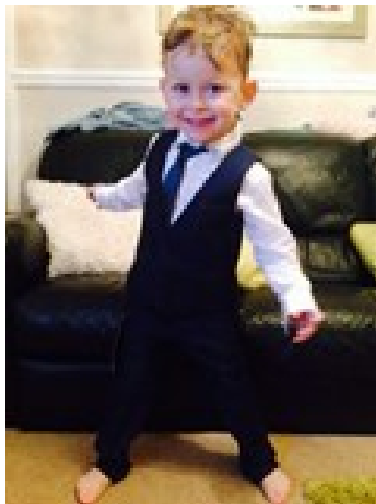
Louis' parents have found out about an operation called Selective Dorsal Rhizotomy which could help Louis achieve his dream. The operation would mean the vertebrae in the lower back being opened to gain access to the nerve roots. They would then find and cut the abnormal roots causing the spasticity. This operation aims to achieve a long-term reduction in spasticity, improve mobility and increase his independence.

The operation is just the start of the process though. Following this Louis will need intense physiotherapy for up to 2 years. To have this operation in the UK they need to raise around £40,000.

Should they exceed the target amount (or if they do not raise enough funds, or they cannot be used for any other reason) the funds raised will go to the general funds of Tree of Hope to assist other sick children.

If you would like to donate, please visit Louis just giving page - www.justgiving.com/LouisLittleLegs

Donating through JustGiving is simple, fast and totally secure. Your details are safe with JustGiving – they'll never sell them on or send unwanted emails. Once you donate, they'll send your money directly to the charity. So it's the most efficient way to donate – saving time and cutting costs for the charity. Please make use of the Gift Aid facility when you pay online to increase the amount you donate by HMRC adding tax relief to your donation.



Tax Diary May/June 2015



- 19 May 2015** - PAYE and NIC deductions due for month ended 5 May 2015. (If you pay your tax electronically the due date is 22 May 2015.)
- 19 May 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 May 2015.
- 19 May 2015** - CIS tax deducted for the month ended 5 May 2015 is payable by today.
- 31 May 2015** - Ensure all employees have been given their P60s for the 2014-15 tax year.



- 1 June 2015** - Due date for Corporation Tax due for the year ended 31 August 2014.
- 19 June 2015** - PAYE and NIC deductions due for month ended 5 June 2015. (If you pay your tax electronically the due date is 22 June 2015.)
- 19 June 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 June 2015.
- 19 June 2015** - CIS tax deducted for the month ended 5 June 2015 is payable by today.

Contact us

For further information on any of the stories in this month's newsletter, or for any other matter that Compass Accountants can assist you with, please contact Jeff Walton on 01329 844145.



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