



EKW GROUP

Newsletter

Accounting, Advisory & BI Solutions

**MAKING
TAX
DIGITAL
READY**

1

Making Tax Digital for business begins on **1 April 2019 with MTD for VAT.**

The Making Tax Digital (MTD) for VAT deadline is getting closer. All VAT-registered UK businesses **above the £85,000 VAT threshold** will need to keep records digitally and submit VAT returns to HMRC using MTD-compatible software.

2

How the 2018 budget will **effect SMEs**

At a glance, the Autumn Budget is a **success for entrepreneurs and SMEs**. If your personal income is less than £100,000 taxation rules and entrepreneurs' relief remain favourable.

3

Entrepreneurs' relief (ER) Changes

The planned changes to entrepreneurs' relief have met with universal approval for **bringing fairness and encouraging ongoing engagement in growing businesses**

4

Are you guilty of being a **workaholic!** Start your countdown to a stress free Christmas.

With less than 70 days until the **self assessment tax return deadline 2019** we're urging our clients to complete their tax returns early, in order to avoid the last minute rush.





MAKING TAX DIGITAL READY

Making Tax Digital for business begins on **1 April 2019** with **MTD for VAT**.

By preparing early, business owners can rest assured they will be compliant when the new regulations are introduced in 2019.

We are here to help you understand why digital tax management is becoming mandatory. We have a specialist team ready to help with your move to the best software available to ensure that you remain compliant.

April 2019

VAT deadline

VAT registered and above
VAT threshold (£85k) file online

April 2020

Corporation/Income Tax

At earliest, sole traders and partnership
with income between £10k-£85k

VAT-registered businesses above the threshold of £85k will have to keep digital records and submit VAT returns using compatible software. Other components of Making Tax Digital, such as income tax and corporation tax, have been placed on hold until April 2020 at the earliest.

"Making Tax Digital (MTD) is an HMRC initiative designed to make sure the UK tax system is effective, efficient and easier for taxpayers".

The key benefits are:

More effective

Tax recording will be more accurate, providing fewer opportunities for errors, miscalculations and fraudulent activity.

More efficient

The process will be faster and more automated for businesses, accountants and HMRC, helping them save valuable time.

Easier to manage

With the right software, Making Tax Digital will make it easier for small businesses to record and file their tax returns online.

See MTD as a positive with our online accounting solution.

**MAKING
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We understand the impact of compliance on your business, we're committed to equipping you with the technology and support you need to be ready. No matter how you work, we offer compatible, proven and compliant software to prepare you for Making Tax Digital.

The benefits of moving to cloud accounting include:



Run your business from anywhere

Access your business finances anytime, from any internet-connected device – phone, tablet or computer.

Understand your real-time cash position

Know how you're doing financially with daily updates from your bank accounts and credit cards that show up on live dashboard and in reports.

Get paid faster for better cash flow

Easily create and send invoices, with online payments and invoice reminders for quicker payment.

Protect your business data

Our solution will back up your data and protects it with multiple layers of security including industry-standard data encryption and secure data centres. We also offer two-step authentication as an additional layer of protection for your account.

Help when you need it

If you need help, you can choose to let the support team view your data and provide the advice you need. Our support is readily available to help you get moving.

Remember, if you are a client that currently uses our recommended accounting solution, the new MTD for VAT compatible functionality will be available to you with no additional fees and no need to upgrade.

As accountant partners of Xero we can offer reduced monthly cost. Our team are certified, so we are always available to help support you with the software you choose.

Still require more information or advice? Contact your account manager who can talk you through the conversion options. We will help migrate your clients and their historical data for free. For a free one hour systems review and advice on the right approach for your business, contact us or your EKW Group advisor on **01942 816 512**.

We strongly advise against leaving things to the last minute and suggest building in some flexibility to allow for any unexpected delays – take action well before the deadline to avoid any last-minute headaches.



How will the budget effect the SMEs in the UK?

With Brexit a matter of months away, this year's Autumn Statement was perhaps one of the most crucial in recent history, marking a new chapter for the British economy and departure from the EU.

What does it mean for SMEs in the UK?

The Chancellor's Budget announced on 29th October by Philip Hammond has promised an 'end to austerity' for Britain. With the National Living Wage on the rise, growing SMEs will need to make the careful considerations as they continue to invest and grow their workforces.

A significant change will be the Chancellor's attempt to help new high-street businesses, who have certainly suffered hardship over the last year and have witnessed major brands leaving our highstreets.

High street based small businesses are the biggest winners, Hammond has pledged to cut business rates by a third for all retailers with a rateable value of £51,000 or less for the next two years. **This will help retailers save up to £8,000 per year** and that includes high street shops, pubs, restaurants, cafes and other small business owners that are losing ground online.

A further £675m has been assigned as a future high streets fund, to aid the transformation of the UK's high streets, to improve footfall and regenerate areas in need of redevelopment.

Personal Allowance will rise to £12,500 – a year earlier than expected. For basic rate tax-payers, this will mean £1,205 less tax between 2019 and 2020. For those paying tax at 40%, the Higher Rate Threshold will also increase from £46,350 to £50,000 from April next year.

For entrepreneurs, the start-up loan scheme originally founded by Rt Hon David Cameron will be **backing a further 10,000 new businesses** – this includes seed funding, start-up capital, merchant loans and business finance. **A further £200m has been put aside** by the British Business Bank to replace funding which they are likely to lose from the EU following the Brexit deadline in March 2019.

For SMEs that take on apprentices, the **training bill will be reduced from 10% to 5%**, and the **government will pay the remaining 95%**. Those apprentices aged 16 to 18 and working in companies of less than 50 will continue to have their training full funded.



The new rules will apply for share issues which occur on or after 6 April 2019.

Please contact us if you would like further information on how this may affect you.

CALL NOW

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The planned changes to entrepreneurs' relief have met with universal approval for bringing fairness and encouraging ongoing engagement in growing businesses.

The government announced, as part of the Budget, that some changes are being made to the **rules for Entrepreneurs' Relief (ER) with immediate effect for disposals on or after 29 October 2018.**

Two new tests are to be added to the definition of a 'personal company', requiring the claimant to have a 5% interest in both the distributable profits and the net assets of the company. The new tests must be met, in addition to the existing tests, throughout the specified period in order for relief to be due. The existing tests already require a 5% interest in the ordinary share capital and 5% of voting rights.

Qualifying period

The extension of the qualifying holding period from one year to two years will mean that shareholders need to consider their position at least two years in advance of any potential transaction to ensure their position is protected. The measure will have effect for disposals on or after 6 April 2019 except where a business ceased before 29 October 2018. Where the claimant's business ceased, or their personal company ceased to be a trading company (or the holding company of a trading group) before 29 October 2018, the existing one year qualifying period will continue to apply.

Dilution of holdings below 5%

Draft legislation has already been issued to provide a potential entitlement to ER where an individual's holding in a company is reduced below the normal 5% qualifying level (meaning 5% of both ordinary share capital and voting power). The relief will only apply where the reduction below 5% occurs as a result of the company raising funds for commercial purposes by means of an issue of new shares, wholly for cash consideration.

Where a disposal of the shareholding prior to the issue would have resulted in a gain which would have qualified for ER, shareholders will be able to make an election treating them as if they had disposed of their shares and immediately reacquired them at market value just before dilution. To avoid an immediate CGT bill on this deemed disposal, a further election can be made to defer the gain until the shares are sold. ER can then be claimed on the deferred gain in the year the shares are sold under the rules in force at that time.



Are you guilty of being a workaholic! Start your countdown to a stress free Christmas.

It's that time of year again! Everywhere you go there's seasonal songs and festive advertising. But, while many employees are looking forward to their annual break away without much of a second thought, it isn't quite so easy as a business owner. **With less than 70 days until the self assessment tax return deadline 2019** we're urging our clients to complete their tax returns early, in order to avoid the last minute rush.

Taxpayers can complete their **self assessment for the pervious tax year from as early as 6 April**, but with the tax return deadline fast approaching, there are probably thousands of business owners frantically packing a year's worth of receipts into bags and boxes, ready to handover to us.

To make things a little easier, [here's a checklist of paperwork and information you will need](#) before submitting your self assessment.

Income earned between April 2017 and April 2018

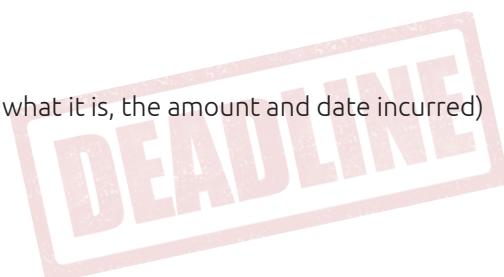
- Any income from self-employment
- Any income from PAYE employment including payslips, P45s or P60s you have received
- Any bank interest income you have received
- Any other forms of income received (eg dividends, income from overseas investments, rental property income, tax credits, statutory benefits)
- Any pension income you have received

Expenses incurred between April 2017 and April 2018

- A list of costs incurred in the course of your business (covering what it is, the amount and date incurred) including food, travel and phone calls

Other relevant information

- Your unique taxpayer reference (UTR) number
- Any correspondence from HMRC
- Any student loan repayments made during the financial year
- Any payments you have made to a registered charity during the financial year





HMRC FINES

You will be fined £100 for a late return. You have 30 days to pay your tax before 5% is charged on it.

You have 90 days to get our return in after which it will cost you £10 a day in fines.

What happens if I submit my tax return late?

The deadline for submitting 2017/18 **self assessment tax returns online is 31 January 2019**. An automatic penalty of £100 applies if the return is late.

HMRC advise that last year, more than 11 million taxpayers completed a 2016/17 self assessment tax return, with 10.7 million completing on time. There were 4,852,744 taxpayers who filed in January 2018 (44.8% of the total), and 758,707 on 31 January, the deadline day.

HMRC is advising taxpayers not to leave the completion of their 2017/18 self assessment tax until the last minute.

How can we help you?

At EKW Group we use HM Revenue & Customs-approved software to:

- Complete your tax return
- Calculate your tax liability
- File the return online
- Liaise with you on the amounts to be paid and when they are due

As part of the above service, we can analyse your self assessment tax return to see if any tax savings can be made and we can also review the form to see if there are any anomalies that need to be addressed before the return is submitted.

This process helps to minimise your risk of a HM Revenue & Customs enquiry into your tax affairs.

If you are experiencing cashflow problems, we can explore the possibilities of deferring your tax payments or negotiating a payment plan with HM Revenue & Customs on your behalf.

By giving you a fixed, competitive price, we can take the worry away when it comes to self assessment tax returns; allowing you to concentrate on running your business.

CALL NOW

01942 816 512

The UK is due to leave the EU on March 29, 2019, nearly three years after 52% of Britons voted in favour of ending the country's 43-year membership.



Further contingency planning guidance on a 'No Deal Brexit'

HMRC has issued a Partnership Pack to help businesses carry out contingency planning and to help their customers, members and clients to:

- ✓ Think about how they will need to adapt their business to comply with new systems, processes and controls
- ✓ Assess the impact of the increased demand for customs declarations on their business
- ✓ Consider whether they need to recruit and train additional staff
- ✓ Stay up-to-date with these changes

Meanwhile the Confederation of British Industry (CBI) reports that 'patience is now threadbare' amongst UK businesses in regard to the government's progress in its Brexit negotiations with the EU.

A survey, carried out by the CBI, revealed that 80% of firms believe that Brexit uncertainty is having a 'negative impact' on their investment decisions. The majority of businesses polled stated that they may have to implement 'damaging' contingency plans if no further progress is made by December.

Carolyn Fairbairn, Director General of the CBI, said:

'The situation is now urgent. The speed of negotiations is being outpaced by the reality firms are facing on the ground. Unless a Withdrawal Agreement is locked down by December, firms will press the button on their contingency plans. Jobs will be lost and supply chains moved.'

'As long as 'no deal' remains a possibility, the effect is corrosive for the UK economy, jobs and communities.'

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Management Accounts

Bookkeeping

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VAT

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Consultancy & Growth

Wealth Management

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Marketing



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