

Dear Friend

Welcome to our April tax newsletter. Our monthly updates are designed to keep you informed of the latest tax issues.

Since our last publication there have been major announcements in the UK political arena, firstly Article 50 has been invoked and on 8 June the country goes to the polls! These changes are likely to have an indirect impact on the future tax landscape of our country. Remember, we are here to help you so please contact us if you need further information on any of the topics covered.

We hope you enjoy reading our April edition of tax news.

If you are not sure of how the changes affect you do speak to our tax team or your contact person at our office.

Best wishes

Godley Tax [Team](#)



START OF DIGITAL REPORTING DELAYED FOR SMALLER BUSINESSES MAKING TAX DIGITAL TO START IN APRIL 2018

The Government is committed to the "Making Tax Digital" (MTD) project which is scheduled to start in April 2018 with the first quarterly updates being submitted by the self-employed and property landlords in July 2018.

Many business owners, professional advisors and the Treasury select committee had expressed concerns about the timescale for the introduction of MTD. One senior MP even suggested that MTD should be "put into cold storage". The Chancellor announced that there will be a one year deferral in the start date to 2019 for self-employed businesses and property landlords with gross income below the VAT registration limit (currently £85,000).

THE ATED RETURN FOR THE YEAR ENDED 31 MARCH 2018

The Annual Tax on Enveloped Dwelling (ATED) Returns for the year ended 31 March 2018 went live on 1 April 2017. All ATED Returns, regardless of the banding in which the property falls, need to be submitted and the ATED liability needs to be paid by 30 April 2017.

If you are not sure whether or not you need to file an ATED Return or need to talk through the process of preparation and filing an ATED Return please do not hesitate to contact **Viral Haria** or your contact person at our office.



NEW TAX AND BUSINESS MEASURES COME INTO EFFECT

As the 2017/18 tax year commences, a range of new tax and business measures have come into effect.

IHT and family home

From April, we saw the introduction of the new transferable nil-rate band in order to take the family home out of IHT for all but the wealthiest. This will apply when a main residence is passed on death to one or more descendants (including a child, stepchild, adopted child or foster child) of the deceased and their descendants. The amount of relief will be phased in over a four-year period it starts at £100,000 and will reach £175,000 in 2020/21. This new nil rate band will enable the family home to pass.

Salary Sacrifice Schemes

From April, the tax and employer advantages of certain salary sacrifice schemes will be removed. This means that employees swapping salary for benefits will pay the same tax as individuals who buy them out of their post-tax income. Some workplace benefits will be exempt from the changes: these include pension contributions and arrangements, childcare vouchers, workplace nurseries and ultra-low emission cars.

Lifetime ISA

From 6 April individuals will be able to open up and save into a Lifetime ISA. This type of ISA is available to any adult under the age of 40, and can be used to deposit up to £4,000 per tax year. Consumers will receive a 25% government bonus on any savings put into the account before their 50th birthday.

The tax-free savings and the bonus can be put towards a deposit for a first home in the UK worth up to £450,000 at any time, from 12 months after having first saved into the account.

Apprenticeship Levy

The introduction of the new Apprenticeship Levy is amongst these new measures. This forms part of a government target to create three million new apprenticeships in England by 2020. The Levy requires employers with annual pay bills of over £3 million to invest a percentage of their yearly pay bill in apprenticeships.

CORPORATE TAX MEASURES

The Chancellor announced that the Government is committed to continue to have the lowest corporate tax rate of the G20 major trading nations. As already announced the corporation tax rate reduces to 19% from 1 April 2017 and then to 17% from 1 April 2020.

The corporation tax rate for small and medium sized companies trading in Northern Ireland will be reduced so that such companies can compete with those in the Republic where the rate is 12.5%.

The Government is also keen to continue to encourage investment in research and development (R&D) and the Chancellor announced that the R&D tax credit claim procedure would be simplified.



TAX FREE CHILDCARE SCHEME STARTS 2017

The chancellor also announced that the new tax-free childcare scheme is due to start in 2017.

The scheme will provide up to £2,000 a year in childcare support for each child under 12 where the parents save in a special account. If they save £8,000 the government will top up the account with 20% to a total of £10,000 which can then

be used to pay for childcare costs.

BUSINESS RATES RELIEF FOR SMALL BUSINESSES

There has been much lobbying from the small business sector to reduce business rates. The Chancellor stated that 600,000 small businesses currently benefit from small business rates relief.

He also announced that no small business that is coming out of small business rates relief will pay more than £600 more in business rates this year than they did in 2016/17.

In order to support the licenced trade from April 2017, pubs with a rateable value up to £100,000 will be able to claim a £1,000 business rates discount for one year.



NEW VAT LIMITS

As mentioned earlier, the VAT registration limit increases by £2,000 to £85,000 from 1 April 2017. At the same time the de-registration limit increases to £83,000.

TAX DIARY OF MAIN EVENTS FOR APRIL/MAY 2017

- 1 April - Corporation tax for year to 30/06/2016.
- 6 April - 2017/18 tax year begins.
- 19 April - Final RTI FPS due by this date. Indicate that this is Final Submission for the Tax Year
- 19 April - PAYE & NIC deductions, and CIS return and tax, for month to 5/04/17 (due 22/04 if you pay electronically).
- 30 April – ATED Returns and ATED liability for the year ended 31/03/2018.
- 1 May - Corporation tax for year to 31/07/16
- 19 May - PAYE & NIC deductions, and CIS return and tax, for month to 5/5/17 (due 22/05 if you pay electronically)



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