

Dear Client,

We hope you enjoy reading the newsletter; remember, we are here to help you so please contact us if you need further information on any topics covered.

This is the time to do year end tax planning. In our last newsletter, we had included **key areas** which you should consider.

Also do note that the Budget is on the 18th March and the UK Election is not far away on 7th May!

Best wishes

Godley Tax Team

LDF: THE CLOCK TO SEPTEMBER 2016 IS TICKING

You will no doubt have heard a lot recently about 'tax avoidance' and 'tax evasion' and the differences between the two and with some famous names being associated with one but not the other!

Individuals who may have diverted income or profits abroad or have such income/gains arising abroad but which has not to date been declared for tax purposes, may be wondering if there is any straightforward route available for them to become UK tax compliant.

There is such a route available which may be applicable to some of the individuals mentioned above. The route is Liechtenstein Disclosure Facility (LDF) and it affords benefits such as – safeguard from criminal prosecution in all but exceptional circumstances, benefit of capping the tax liability to 40% for certain years and also limiting the penalty level to 10% for certain years. We have considerable experience of handling Disclosure cases especially LDF.

If you do know of someone who may possibly benefit from our initial review then please do speak to your Godley contact or *Hemel Khimasia / Viral Haria* on 020 8515 1234.

BUSINESS START-UPS

This month Godley & Co had the opportunity to present to the Barclays Small Business team of 16 managers in Harrow. The presentation focussed on highlighting the alternative options available to clients when raising finance, such as Crowdfunding and government backed schemes (including the Start-up loan scheme, Seed EIS and EIS). We also provided common pitfalls for entrepreneurs when they start a new business and launched our **New Business Start-Up Handbook**. This handbook is a great guide for budding entrepreneurs starting in business.

If you are a new business or a Fast Growing Start-Up and would like to talk through the various financing options available please contact *Yogesh Patel* or *Viral Haria*.

END OF YEAR PAYE RETURN

Prior to the introduction of RTI, employers were required to complete an end-of-year checklist and declaration on form P35 and submit to HM Revenue and Customs. Under RTI this was replaced by the final full payment RTI submission which included a similar checklist and declaration.

HM Revenue and Customs have recently announced that from 6 March 2015, the requirement for employers to complete the end-of-year checklist when making their final full payment submission under the real time information regime will be removed, for the current tax year 2014/15 and subsequent years.

STATE PENSION CHANGES

Recent editions of this newsletter have featured the important changes to personal pensions for those over 55 that take effect from 6 April 2015.

From 6 April 2016 the new flat rate State Pension will be introduced, which is expected to be around £150 a week. A person's actual entitlement will depend on their National Insurance contribution record.

Those who have built up an entitlement greater than the flat rate amount due to paying SERPs or other additional contributions will receive that higher amount.

Individuals will need a minimum of 10 qualifying years and the full flat rate State Pension will only be given if they have 35 qualifying years (previously 30 years).

Those aged over 55 are encouraged to contact the Department of Work and Pensions (DWP) to receive a projection of their expected State Pension and check their contribution record. It is possible to make good any shortfall by making voluntary Class 3 contributions (£13.90 a week). Those who are self-employed will find it cheaper to make Class 2 contributions (currently £2.75 per week). If you are an employee or director, provided your salary exceeds the Lower Earnings Limit (currently £5,772 p.a.) then although no NIC is actually due you are deemed to have contributed for that year.

£150 a week may not seem a lot to live on but note that at a 5% annuity rate you would need a fund of over £155,000 to generate such an income.

VAT RULES CHANGING FOR PROMPT PAYMENT DISCOUNTS (PPD)

In Finance Act 2014 it was announced that the VAT rules for dealing with prompt payment (or early settlement) discounts would be changing from 1 April 2015. HMRC have now issued brief 49/2014 setting out guidance for businesses affected by the change, many of whom may need to change their invoicing procedures.

From 1 April 2015, output VAT will need to be calculated on the consideration actually received from the customer instead of the current rules where VAT is calculated on the value of the supply, net of any discount for prompt payment.

Let's assume, for example, that you supply goods to the value of £100 but allow the customer a 2.5% discount if they pay within 30 days. Under the current rules, VAT is charged on the discounted price of £97.50 not £100, whether or not the customer pays within 30 days.

From 1 April 2015, suppliers issuing a VAT invoice record the VAT on the **full price**. If offering a PPD, suppliers must show the rate of the discount offered on their invoice.

The supplier will not know if the discount has been taken up until they are paid in accordance with the terms of the PPD offer, or the time limit for the PPD expires. The supplier will then have two options to deal with the discount:

- (a) they may issue a credit note to evidence the reduction in consideration; or
- (b) alternatively, they will need to adjust the output tax in their VAT return and the original invoice must contain i) the terms of the PPD and ii) a statement that the customer can only recover as input tax the VAT paid to the supplier.

If this impacts you, please contact us to discuss the effect on your invoicing and accounting procedures.

OFFICE NEWS

In December 2014, Yogesh Patel joined us from PwC. His expertise in corporate finance, business recovery and advising SMEs on their tax planning matters will be a valuable asset to our team.

We would also like to congratulate our colleague Ritika Doshi on successfully completing her ACCA exams.

TAX DIARY OF MAIN EVENTS

Date	What's Due
28 February	Surcharge of 5% on 2013/14 self-assessment tax still unpaid.
1 March	Corporation tax for year to 31/5/14
19 March	PAYE & NIC deductions, and CIS return and tax, for month to 5/3/15 (due 22 March if you pay electronically)

GODLEY & CO

CHARTERED ACCOUNTANTS

Congress House, 14 Lyon Road,
Harrow, Middlesex,
HA1 2EN, UK

Tel: +44 (0) 208 515 1234
Email: tax@godley.co.uk
Website: www.godley.co.uk

[View Our Team Profiles](#)

Godley & Co is the trading name of Godley & Co Ltd.
Registered in England & Wales. Read No: 8446580