

Dear Friends

The Chancellor of the Exchequer has announced that the UK Budget will take place on Monday 29 October at around 3.30pm. We will update you next week on the key areas and how it will impact you.

This month we focus on potential changes to stamp duty for overseas buyers, understanding why it is worth checking you NI contributions to date and dividend tax implications.

In addition, we have an article about how to 'Market to Millennials'.

We hope you enjoy reading our monthly update.

Best wishes - **[Godley Tax Team](#)**

STAMP DUTY

GOVERNMENT ANNOUNCES STAMP DUTY SURCHARGE FOR OVERSEAS BUYERS OF UK PROPERTY

The government recently announced that it intends to introduce a new stamp duty surcharge of 1% to 3% for foreign buyers of UK property.

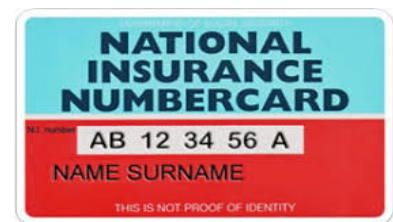
Prime Minister Theresa May announced the new surcharge during the Conservative party conference.

The surcharge forms part of the Prime Minister's plans to tackle the housing crisis and the issue of homelessness in the UK, alongside the 'inequalities' associated with home ownership.

However, the plans have been met with criticism. Guy Bradshaw, Director of Central London Sales and Lettings at UK Sotheby's International Realty, said: 'The announcement of a foreign buyer tax is disappointing and very badly timed. Post-Brexit Britain should be open to the world and this simply sends exactly the opposite message.'

MAKE SURE YOU CHECK YOUR NATIONAL INSURANCE CONTRIBUTION HISTORY

In order to maximise entitlement to full State Benefits a full contribution record is required. It costs around £740 for a year's worth of NIC (using 2017/18 rates). Each year of full contribution equates to 1/35 of your state pension. Currently state pension is £244.40 a year, therefore if you live more than 3-4 years post pension age, it seems you are better off ensuring you maximise your full entitlement.



It is possible to check your **[National Insurance record online](#)** to see:

- What you've paid, up to the start of the current tax year (6 April 2018).
- Any National Insurance credits you've received.
- If gaps in contributions or credits mean some years don't count towards your State Pension (they aren't 'qualifying years').
- If you can pay voluntary contributions to fill any gaps and how much this will cost.



DON'T FORGET THERE MAY BE TAX TO PAY ON YOUR DIVIDENDS IN JANUARY

The rules for taxing dividends changed radically from 6 April 2016 with the removal of the 10% notional tax credit and the introduction of new rates of tax on dividends. For many taxpayers that meant more tax to pay on those dividends on 31 January 2018. The same will also apply on 31 January 2019.

If you are a higher rate taxpayer and received £30,000 of dividends in 2017/18 £25,000 of those dividends would be taxed at 32.5% meaning £8,125 due on 31 January 2019.

Please note each taxpayer can still enjoy the 1st £2,000 dividend tax-free for the 2018/19 tax year (reduced from £5,000 for 2017/18 tax year).

IT CONSULTANT WINS IR35 PERSONAL SERVICE COMPANY CASE

The government have been consulting on extending the personal service company rules that currently apply to public sector workers to those in the private sector, but in the meantime tax tribunal decisions are still being decided against HMRC.



In a recent case involving an IT consultant working on various projects to implement the new Universal Credit system the First Tier Tax Tribunal decided that the consultant would not have been an employee if directly engaged. A key factor was that the level of control over the consultant fell far below the sufficient degree required to demonstrate a contract of service.

Are Football Referees Self-Employed?

The degree of control was held to be a critical factor in determining that football referees in charge of matches in the Championship and lower leagues were self-employed.

HMRC were arguing that the referees should be taxed as employees and subject to PAYE. Interestingly, those refereeing Premier League matches are employees of the Premier League and HMRC are expected to appeal the decision of the First Tier Tribunal.



TAX EFFICIENT CHILDCARE SCHEMES

Earlier this year the government announced that no new childcare voucher schemes could be set up after 5 October 2018. This was a six-month extension from the previous 5 April 2018 end date. If those employers offering such schemes at 5 October are prepared to keep administering their scheme then they will continue to be available but will eventually be phased out.

The replacement scheme is the government's "tax free" childcare account which started this year for children up to age 12. Under this scheme the government tops up the savings in the childcare account by 25% up to £2,000 per child per year (£4,000 for a disabled child).

Thus, savings of £8,000 would be topped up by the government to £10,000 and the £10,000 could then be used to pay Ofsted registered childcare providers such as nursery fees, childminders, after school clubs and summer camps.

Unlike childcare vouchers, the new childcare accounts will be available to both employees and the self-employed.

For those already in childcare voucher schemes it may be beneficial to switch to the new childcare account and we can help you calculate whether or not that would be beneficial.

NON-TECHNICAL ARTICLES

MARKETING TO MILLENNIALS

Born between 1980 and 2000, Millennials are now a key target market for businesses. So how do you market your products and services to this tech-savvy generation?

Millennials were the last generation to have witnessed the pre-digital era and they were also the first generation to fully experience the internet age. We have all read articles about how Millennials are difficult to manage, move jobs frequently and aren't very compatible with traditional business or employment models.

However, Millennials have now reached an age where they have money to spend. They are also moving into more senior roles in businesses and are making purchasing decisions. As such, businesses need to create new marketing strategies which target this generation effectively.

Millennials tend to be drawn to brands which appear to be aligned to a cause. Therefore, your marketing messages should show the importance of what you and your firm do and provide reasons as to why Millennials should become part of that cause by becoming a customer.

Your messaging should therefore focus on why you do what you do. Millennials are concerned about the "why" rather than the "what". It's not about what you and your company do, it's about why you do it.



SLOPPY DESKS AND WORK PRACTICES CAN LEAD TO VIOLATION OF GDPR

One of the biggest problems facing companies trying to comply with privacy rules such as GDPR are disorganised desks. This can present a huge liability when it comes to customer information and the risk of data theft.

Even the everyday tasks of putting paperwork back into filing cabinets or drawers and locking them before you finish work can mean the difference between compliance and non-compliance.

We all know how easy it is to just leave personal information lying around if you're not careful, and once that data is lying around snooping is all too easy—and all too common.

TAX DIARY OF MAIN EVENTS FOR OCTOBER/NOVEMBER 2018

- 1 October - Corporation tax payment for year to 31 December 2017 unless quarterly instalments apply.
- 5 October – Deadline for notifying HMRC of chargeability for 2017/18 if not within Self-Assessment and receive income or gains on which tax is due.
- 19 October - PAYE & NIC deductions, and CIS return and tax, for month to 5 October 2018 (due 22 October if you pay electronically).
- 1 November - Corporation tax payment for year to 31 January 2018 unless quarterly instalments apply.
- 19 November - PAYE & NIC deductions, and CIS return and tax, for month to 5 November 2018 (due 22 November if you pay electronically).



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