



Newsletter



July 2017

THE RIGHT ADVICE FOR YOUR BUSINESS

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Another Finance Bill

The Finance Bill 2017 was to be the largest at 762 pages but in order to rush it through it was cut to 148 pages!

That's an 80% reduction dropping 72 out of the 135 clauses and 18 out of 29 schedules.

One of the items dropped was Making Tax Digital (MTD).

But now the election is over, there will be another bill to bring in all the items that were dropped.

Our tax system is already far too complex:

- 6,102 pages of legislation (according to Tolleys in 2012)
- 639 monetary values
- 425 thresholds
- 214 penalties

It's a shame they couldn't cut all the tax rules by 80%!



BUSINESS / **ACCOUNTANT**

Time to Renew your Tax Credits



FAST FACTS

4.3 Million

Benefited in 2015-16

31 July

You must renew by 31 July or payments will stop

FOR MORE INFORMATION

Contact us:

office@prevailaccountancy.co.uk

If you're claiming tax credits, you'll be sent a renewal pack in the post. It will tell you how to renew your tax credits.

You must [renew your tax credits](#) by 31 July 2017 if your renewal pack has a red line across the first page and it says 'reply now'.

If you miss the deadline your tax credits payments will stop. You'll be sent a statement and will have to pay back the tax credits you've been given since 6 April 2017.

How to renew

If you need to renew, you can either do it:

- [online](#)
- [by phone or post](#)

The Tax Credit Office will send you an award notice within 8 weeks of receiving your renewal, telling you how much you'll get.

What you need

You'll need:

- your renewal pack
- your National Insurance number
- details about any [changes to your circumstances](#)
- you and your partner's [total income](#) for the last tax year
- the 15-digit renewals reference number on your renewal pack - if you're renewing by phone

What will you need to report when Making Tax Digital starts in April 2018?

Property businesses

Income – furnished holiday lettings:

- rental income and any income for services provided to tenants

Expenses – furnished holiday lettings:

- tax taken off income
- rent paid, repairs, insurance and cost of services provided
- loan interest and other financial costs
- legal, management and other professional fees
- other allowable property expenses
- private use adjustment
- premiums for the grant of a lease
- reverse premiums and inducements
- property repairs and maintenance
- costs of services provided, including wages

Income – property:

- rental income and other income from property

Expenses – property:

- tax taken off any income from total rents
- premiums for the grant of a lease
- reverse premiums and inducements
- rent, rates, insurance, ground rents etc.
- property repairs and maintenance
- loan interest for residential properties and other related financial costs
- other loan interest and financial costs
- legal, management and other professional fees
- costs of services provided, including wages
- other allowable property expenses
- private use adjustment

Non-property businesses

Income:

- turnover, takings, fees, sales or money earned
- any other business income

Expenses:

- cost of goods bought for resale or goods used
- construction industry – payments to subcontractors
- wages, salaries and other staff costs
- car, van and travel expenses
- rent, rates, power and insurance costs
- repairs and renewals of property and equipment
- phone, fax, stationary and other office costs
- advertising and business entertaining costs
- interest on bank and other charges
- bank, credit card and other financial charges
- irrecoverable debts written off
- accountancy, legal and other professional fees
- depreciation and loss/profit on sale of assets
- other business expenses
- goods and services for your own use
- income, receipts and other profits included in business income or expenses but not taxable as business profits
- disallowable element for each category

If you aren't using any software or apps to prepare your accounts, now is the time to start. Under MTDfB – Making Tax Digital for Business – Sole Trader, Partnerships, Landlords and ultimately Companies will need to file returns every quarter and submit a final year end return

What are the rules on Travel and Subsistence?

One of the most frequently asked questions from business owners and employees is ‘how much can I claim for meals and travel?’

It’s such a common question that HMRC have a specific notice (490 Employee Travel) which explains the rules with examples

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/517266/490.pdf

Here are some of the key points:

Section 1.7 Tax Relief

If an employee is obliged to incur travelling in the performance of their duties, provided the journey isn’t ordinary commuting, the employee is entitled to tax relief on the full cost of Travel.

Section 3.2 Ordinary Commuting

Ordinary Commuting is travel to/from a permanent place of work, normally from/to home

3.8 excludes Private Travel

3.12 states that Non Exec Directors travelling to the company for board meetings is Ordinary Commuting

Section 3.18 The 24 Month Rule

In summary if you work at temporary place of work for less than 24 months you may be able to get tax relief.

Section 3.36 Employees who work from Home

If an employee performs substantive duties at home, then it may be treated as their place of work.

Where this is the case travel to other work places will be business travel.

Section 5.1 The Amount of Tax Relief

If the trip qualifies as business travel then the full cost will be allowed for relief, you don’t need to try to save money on the cost of the trip!

Section 5.4 Subsistence

Subsistence includes:

- any necessary subsistence in the course of the journey
- the cost of meals at a temporary workplace
- the cost of meals as part of an overnight stay

Section 5.12 Scale of Expenditure

Where the travel is unusually lavish HMRC will consider whether the trip is really a reward or part of remuneration, but this is rare and HMRC will not seek to deny costs because for example you travel first class rather than second class.

Section 8.4 Incidental Expenses

These are £5 in the UK and £10 when overseas per night to cover expenses such as Laundry, Phone Calls and a Newspaper

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