



Newsletter



April 2018

THE RIGHT ADVICE FOR YOUR BUSINESS

BREXIT

In March 2019 the UK will leave the EU at an estimated cost of £37.1bn.

The OBR said that Brexit has had a smaller impact than feared, partly owing to consumers willing to maintain spending at the cost of their savings.

However, the full cost could be higher, as the OBR said that in the absence of precise outcomes from the Brexit negotiations, the forecast continues to use broad-brush assumptions on costs.

Brexit is highly likely to cause currency fluctuations, that alone has to be a good reason to source products and services locally.

There are of course many other reasons such as:

- Consumers are often prepared to pay for more locally sourced products
- It's better for planet – why ship things hundreds of miles and pollute the planet if you can buy locally
- It protects local jobs and services and helps the economy to grow

The Chartered Institute of Procurement and Supply reported

*Nearly two-thirds (63%) of EU businesses expect to move their supply chain out of the UK
Two-fifths (40%) of UK businesses are looking to replace their EU suppliers*



Making Tax Digital



It's time to get ready, from April 2019, Making Tax Digital for Business will start for VAT.

If your business has a turnover above the VAT threshold and you are registered for VAT you will need to use Making Tax Digital.

Data that must be provided digitally:

VAT Rate

- Standard
- Zero
- Reduced
- Exempt
- Outside Scope

Time of Supply

Amount of VAT

Digital record keeping

Using MTD compatible software to:



- Keep digital records
 - spreadsheets
- calculate the return
- submit it to HMRC via an API

What is changing for VAT?



Things that will change?

- VAT returns compiled by pulling data from digital records
- VAT returns sent to HMRC via API-enabled products and not through VAT portal

Things that won't change?

- 9 Box VAT return
- VAT return frequency and payment deadlines
- Eligibility for VAT Special Schemes

VAT schemes

Flat Rate Scheme

Must keep:
Capital Expenditure
Goods on which input
tax can be claimed

Retail Schemes

Must keep:
A record of your daily
gross takings

Gold Special Accounting Scheme

Must keep:
Value of sales made
under the scheme

and

Total output tax on
Gold purchased
under the scheme

HMRC will not be providing the software to file the returns and the current gateway will not be available for MTDfB.

You don't need to attach scans of document in the initial phase.

We will need to subscribe you to the new service

Subscribing Clients

GOV.UK Use software to submit your client's VAT returns sign out

ALPHA This is a new service - your feedback will help us to improve it.

Back

What type of business is your client registered as?

Sole trader

Limited company

Continue

GOV.UK Use software to submit your client's VAT returns sign out

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Back

Check your answers

You've told us

Spring Statement 2018 - Highlights



The Cost of BREXIT

The OBR has calculated that the UK will continue to pay contributions into the EU budget until 2064 - 45 years after the official date of Brexit - with the total "withdrawal bill" amounting to £37.1bn.

The main reason for this is that the government will have an on-going liability for a proportion of EU staff's pensions earned while the UK was a member.

Reducing single-use plastic waste through the tax system

Disposable plastics like coffee cups, plastic cutlery and foam trays damage our environment. The government is determined to take further action, and is [seeking views](#) on how best to use the tax system to encourage the responsible use of plastic.

Some of the money raised from any tax changes will be used to encourage the creation of new, greener products and services. In addition, £20 million from existing budgets will be given to businesses and universities to research ways to reduce the impact of plastics on the environment.

Seeking views on the role of cash in the new economy

Cash has fallen from being 62% of all payments by volume in 2006, to 40% in 2016, and is predicted by industry to fall to 21% by 2026.

Digital technology has changed the way people shop, sell, and save. While cash will continue to be an important method of payment, more people are moving towards digital payments every year.

The government is [seeking views](#) on what more it can do to:

- support people and businesses who use digital payments
- ensure that those who need to are able to pay with cash
- prevent the use of cash to evade tax and launder money

NOT SURE WHAT TO DO

Contact us – office@prevailaccountancy.co.uk

What is the Optimum Pay for 2018/19?



In freelancing or running a small business, it can be difficult to determine how much to take out of your business to support your personal living expenses. But it is possible to determine the optimal amount, depending on your business. After all, you still need to get paid.

It can feel like you're taking money out of your business, but it is important to support your own needs while ensuring your business can still run efficiently. It's rare for a business to be profitable right off the bat.

So the question becomes: what is the right amount for a small business owner to be paid from their business?

Directors aren't subject to [Minimum Wage](#) rules and if they are the only paid employee then they don't need an auto enrolment pension.

So assuming they don't get a salary from another job, it generally makes sense for Directors to be paid above the NI Lower Earnings Limit and below the Employee's primary class 1 contributions level.

The LEL for 2018/19 is £116 per week and the Primary Threshold is £162 per week.

So that's £6,032 to £8,424 per year.

Earning above the LEL means directors will qualify for certain state benefits.

If the company has other employees and they earn sufficient to incur national insurance, then you could pay more to the director and take advantage of the [Employment Allowance](#) of £3,000 which offsets employers national insurance.

The personal allowance will be £11,850 for 2018/19, that's how much you can earn tax free.

Higher rate tax starts when total earning hit £46,350.

The Dividend Allowance drops from £5,000 to £2,000 in 2018/19

Prevail Accountancy Ltd
Farriers Chambers, Smith Street,
Rochdale. OL16 1TU
Tel 01706 550 825
E Mail office@prevailaccountancy.co.uk