



# NEWSLETTER

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## Inside:

2014 Self-Assessment	1
Staff News	2
RTI Late Penalties	2
VAT Visits	2
2015/16 Personal Allowance	2
Class 2 NIC Changes	2
Other News	2
Non-Resident CGT	3
Council Tax	3
Other News	3
New Marriage Allowance	4
Tax Tip – Savings Income	4
Accountants Are A Joke!	4

## Welcome to the Copson Grandfield Newsletter.

Inside you will find topical comments,  
& more useful tax tips.

### Self-Assessment 2014 – The Results are in!



HM Revenue and Customs oversaw the biggest digital Self-Assessment event ever this year, receiving 10.24 million tax returns by midnight on 31 January 2015. A record 85.5% of these were sent online.

The busiest days for filing were on 30 and 31 January, when HMRC received 980,000 returns. The busiest hour on deadline day was between 11 am and midday, when almost 32,000 returns were received – an average 530 per minute!

Around 4.3 million taxpayers (42%) left it until January to file their returns, which HMRC issued in April 2014.

HMRC's Director General of Personal Tax, Ruth Owen, said: This is another record-breaking year for Self-Assessment, with 210,000 more people filing their returns on time than last year.

At Copson Grandfield we managed to submit **97.96%** of our Personal Tax Returns before the filing deadline.

Missing the filing date results in an automatic £100 penalty, there are further penalties if your return is still outstanding after 3, 6 and 12 months. Don't forget; these penalties are for 'non-submission', so will stand even if you have no tax due!

If you're one of the few who missed the deadline, you will need to get your tax return information to us **as soon as possible** in order to prevent any further penalties.

If you are unsure of the details we require, or need any help obtaining this information, please do not hesitate to contact us.

## Staff News

March marked both a sad and joyous occasion for two of our longest standing employees.

Ann Butt & Rose Nowell both retired after many years of loyal service at the end of last month.

Many clients will remember these lovely ladies from their days at Lionel Harber & Co; Rose was actually the company's first employee!

We wish them all the best for the future and hope they both have a long and happy retirement.

## HMRC offers concession for late RTI returns

With effect from 6 March 2015, employers with fewer than 50 employees were required to submit their payroll information to HM Revenue & Customs (HMRC) via the Real Time Information (RTI) system, or face a late filing penalty.

Under the RTI penalty system, businesses that fail to submit their information on time are liable to automatic in-year penalties.

However, HMRC has now confirmed that small businesses that file their PAYE information no more than 3 days after the deadline will not incur penalties.

Small businesses experiencing difficulties in reporting weekly staff payments, or payments occurring more regularly, have previously been allowed to send their information by the end of the tax month.

HMRC has announced that it is currently considering how to differentiate between taxpayers who deliberately and persistently fail to meet deadlines, and those who make occasional and genuine errors, with the view of making penalties fairer for all.

A consultation on the penalty system will run until 11 May and HMRC is due to review RTI penalties by 5 April 2016.

If you have any queries or need advice regarding RTI please do not hesitate to contact a member of our PAYE Department.

## Unannounced VAT Visits

We have been made aware that some businesses in the local area have been subjected to unannounced VAT visits over the past few weeks.

At the moment these visits appear to be aimed solely at cash based businesses, such as market traders; however this could be part of a bigger plan/ scheme within HMRC.

If you get such a visit, or if HMRC try to make contact with you directly, you must contact us immediately.

## 2015/16 Personal Allowance

The Personal Allowance increased from £10,000 to £10,600, from 6<sup>th</sup> April 2015.

If we deal with your payroll, please note that we will be keeping directors' salaries at £10,000 for 2015/16, making use of this tax free amount.

If you run your own PAYE Scheme and you're currently not making full use of the Personal Allowance, it might be worth raising your directors' salaries from April this year.

## Changes in Class 2 NIC

The way Class 2 National Insurance contributions (NIC) are collected is changing; this will affect all of those who are self-employed.

From April 2015, Class 2 NIC will be collected along with other self-assessment tax liabilities on 31 January, following the year of assessment. Therefore Class 2 NIC for 2015/16 will be collected on 31 January 2017.

This is a major change for those who have been used to paying Class 2 NIC by either direct debit (monthly or quarterly) or by direct billing by HMRC (six monthly).

Existing six monthly bills and direct debit payments will both cease automatically during 2015, with the last payments being collected on 10 July 2015. In the meantime, no new applications are being accepted to pay Class 2 NIC by direct debit.

## Other News

Copson Grandfield was proud to sponsor 2 groups at the recent UK ITF TKD Finals night on Saturday the 28th March 2015.



We are especially pleased to announce that our own Phoebe Grandfield came away with silver in "Adult Female 3rd Degree Patterns" and UK Champion in "Adult Female Power"

Phoebe is now English, British & UK Champion in Female Power. Well Done Phoebe!

## CGT for non-residents: New rules from April 2015!

From 6 April 2015, if you're not resident in the UK and sell a UK residential property you'll need to let HMRC know. You may also have to pay Capital Gains Tax on any gains you make.

### The new rules will affect:

- Non-resident individuals
- Non-resident trustees
- Personal representatives of non-resident deceased persons
- Certain non-resident companies

### What you will need to do?

You'll need to tell HMRC you've sold or disposed of a UK residential property or other asset within 30 days of the sale being completed.

You'll be able to do this online; however further guidance on how to tell HMRC will be available shortly.

If you make a gain on disposal you may need to pay Capital Gains Tax, however non-residents will be able to use the Market Value at 5 April 2015 when calculating the gain. This 'rebasement' ensures that only the increase from 5 April 2015 onwards will be chargeable to tax.

You will therefore need to know the Market Value of any chargeable asset at this date. You can wait until you make a disposal before obtaining a valuation, however it may be sensible to record (in April 2015) the overall condition that the property/ asset at the time, together with any unusual features – as this will help establish a fair valuation later on.

The amount of Capital Gains Tax you pay will depend on a number of factors, including:

- The amount of gain relating to your period of ownership from 6 April 2015 onwards
- If you have unused losses from disposing of other UK property/ assets
- Where applicable, the amount of any available private residence relief
- If the annual exempt amount is available
- Your other income/ rate of Capital Gains Tax

If you are affected by these changes or would like further, more detailed advice, please contact us and ask to speak to either your Portfolio Manager, or a member of our Personal Tax Team.

## Other News

He's been at it again.... Well done to **Steve Copson** who recently completed the Bath Half Marathon.

Steve managed to set a new personal best of 1:41.48, beating last years' time of 1:44:21 – an improvement of 1.93% - we just couldn't resist doing the sums!

## Home-based Businesses - Council Tax

The Valuation Office Agency (VOA) has updated its guidelines to help people running home-based businesses understand whether they need to pay council tax only, or council tax & business rates.

Some properties are part business and part domestic, so may be required to pay both taxes.

Good examples are public houses where the publican lives on the premises or shops where the shopkeeper lives in a flat over the shop.

So what if you are a home-based business?

Generally, you should not have to pay business rates for minor business use of the home.

The Government does not normally expect home-based businesses to have to pay business rates if:

- You only use a small part of your home for your business (for example you use a bedroom for part of the day as an office).
- You do not use it to sell goods or services to visiting clients or members of the public (as opposed to selling by post).
- You do not employ other people to work at the premises.
- You have not made alterations of a sort that would not usually be associated with a home (such as converting a garage into a hairdressing salon, or installing a hydraulic car lift in the garage to create a workshop).

Please note that these are only general guidelines; if you are unsure of your status (or the status of your business), please do not hesitate to contact us.





“Did you know that money is taxable? If you need someone to complete your tax return, call me!”

## Tax Tip – Savings Income

The new Tax Rates for 2015/16 came into effect from 6<sup>th</sup> April 2015. With this comes an important change to the Savings income rate.

The 10% Savings Rate is being replaced by a new 0% rate. The amount of Savings Income that can benefit from this rate is also being increased from £2880 to £5,000. This will ensure that lower earners don't pay tax on their savings income.

For 2015/16 this could result in some individuals paying no tax on income up to £15,600 (Personal Allowance of £10,600, plus £5,000 Savings).

Where income exceeds the Personal Allowance it will start to diminish the 0% Savings Rate. Once other relevant income reaches £15,600 Savings will become chargeable at the normal rate, currently 20%.

Dividend income does not affect the 0% band, however Employment Income, Trade Income, plus Pensions and Rental Income do. Therefore not everyone will be able to make use of this.

### Tax Saving Opportunity:

If you have £50,000 owed to you by your company, it is possible to charge the company interest (since it is effectively a loan). Example: Interest charged to the company at 10% would give you £5,000, which needs to be declared on your Personal Tax Return, thus making full use of the new 0% band (providing other income doesn't exceed the £15,600 threshold).

This would not only allow you to extract £5,000 from the company tax free, it would also be an allowable deduction in your accounts, therefore also reducing your Corporation Tax (which you don't get when extracting funds via a dividend).

An important aside; If lending £50,000 to your Company you will need to ensure that your business is relatively stable/ safe. Also, the additional income, **whilst tax free, is still taxable** as part of your overall Personal Tax Computation, We will therefore need to also consider drawings from the Company since dividends and the tax bandings will still have an impact.

## New Tax Allowance - Marriage Relief Registration Opens Online

Taxpayers can now sign up online for the new tax break for married couples and people in civil partnerships.

The new allowance enables a person who does not pay tax to transfer up to £1,060 of his or her tax-free personal allowance to a spouse or civil partner.

Couples can claim the relief if all the following conditions apply:

- They are married or in a civil partnership;
- They have an annual income of less than £10,600 including pensions, savings and investments;
- Their spouse or civil partner has an annual income of between £10,601 and £42,385; and
- Both partners were born on or after 6 April 1935 (those born up to 5<sup>th</sup> April 1935 are entitled to the old style Married Couples Allowance instead).

Web users can register at any point in the tax year and still receive the full benefit of the relief, which takes effect from April 2015. To register, please follow the link below:

<https://www.gov.uk/marriage-allowance>

Only one half of a couple should make an application for this relief. HMRC will then inform the recipient and change their PAYE code accordingly. Those who Self-Assess can obtain the new relief via their Tax Return.

## Accountants Are A Joke!

1. Why do accountants get excited on Saturdays? They can wear their casual clothes to work.
2. What can't you push over an accountant? They have good balance.
3. I'm so proud of my son. He's at university studying the Violin and Accountancy; He'll never be out of work... he's an Accountant who can fiddle!

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