Copson Grandfield
CHARTERED ACCOUNTANTS

NEWSLETTER

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Inside:

Welcome to the Copson Grandfield Newsletter.

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

Tax-free childcare scheme open to all parents of under-12s, but beware of the risks...

From 14 February 2018, all working parents with children under 12 can apply for up to £2,000 of childcare support per child, per year.

Parents, including the self-employed, can apply online for tax-free childcare via the following website: https://www.childcarechoices.gov.uk/. The site also provides a calculator to help parents choose which government childcare support is best for them.

Under the scheme, for every £8 that families pay in to their online childcare account, the government will make a top-up payment of an additional £2, up to a maximum of £2,000 per child per year (or £4,000 for disabled children).

This top up is added instantly and parents can then send electronic payments directly to their childcare providers. The maximum government top-up is £500 per quarter for each child.

All registered childcare providers – whether nannies, nurseries, childminders or after school clubs – can sign up online now to receive parents' payments through tax-free childcare. In order to keep getting the government top-ups, parents need to sign back in every three months and confirm that their details are up to date.

This tax-free childcare scheme is replacing 'employer-supported childcare', which includes 'childcare vouchers'.

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Those already in Employer-supported childcare will be able to remain in it for as long as their employer continues to offer it, however the scheme will be closing to new entrants from April 2018. The tax and National Insurance exemption for workplace nurseries will remain in place.

Liz Truss, chief secretary to the Treasury, said: ‘Tax-Free Childcare will cut thousands of pounds from childcare bills and is good news for working parents. ‘More parents will be able to work if they want to and this demonstrates our commitment to helping families with the cost of living.’

That said; Anne Fairpo, chair of the Low Incomes Tax Reform Group (LITRG) is urging parents and carers to check their position before applying, as they may find other benefits they currently receive are stopped or that other childcare schemes can offer better financial support.

Ms Fairpo added that “whilst many will benefit from the (new) scheme, it does add a further layer of complexity to the already complicated childcare landscape”.

For example; you will not be entitled to tax-free childcare if you are currently claiming tax credits (any type, not just childcare support) or universal credit.

This means that if an existing tax credit claimant makes a claim for tax-free childcare, their whole tax credit claim will be automatically terminated (not just the childcare element), which could leave you out of pocket. Worse still; you could then find that you are not able to reapply, therefore making a poor decision irreversible.

You also cannot receive childcare vouchers or directly-contracted childcare via your employer at the same time as receiving help through the tax-free childcare scheme.

People thinking of applying for tax-free childcare therefore need to ensure that it is the right scheme for them before claiming, which involves a series of complex calculations.

For those who do not currently receive any government benefits or childcare support, then the choice to apply for tax-free childcare will be an easy one.

However, those on lower incomes who claim tax credits or universal credit, or those who get help with their childcare costs through their employer, will need to ensure they seek professional advice to make sure that tax-free childcare is the right choice for them, compared to the other options.

Please contact us if you need any further guidance regarding this matter.

Staff News

We are sad to announce that **Stuart Andrews** has recently left our Accounts Department, opting for a career change in order to spend more time with his with his family.

We wish him all the best for the future.

Please note that Stuart will be replaced by **Ed Holcombe**, who will be joining us shortly, taking over Stuart’s portfolio.

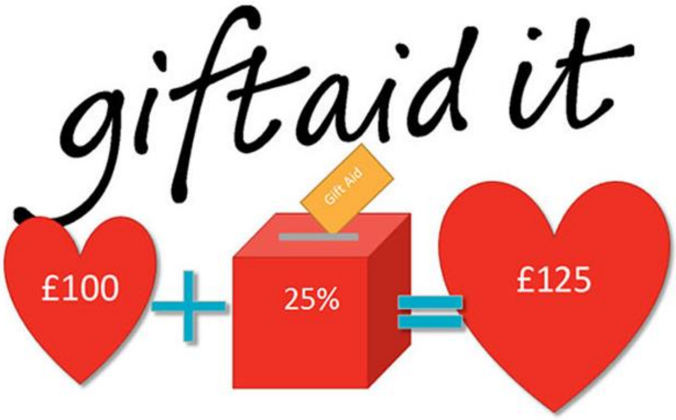
If you dealt with Stuart personally, please rest assured that Copson Grandfield, and the rest of the team will endeavor to make any transition as seamless as possible.

Vicki Griffin will also be joining our Accounts Team.

Charities 'missing out' on Gift Aid

HMRC is urging the public to declare Gift Aid on their charitable donations after research found that UK charities are missing out on £600 million in extra funding. Charities and Community Amateur Sports Clubs (CASCs) can claim an extra 25p for every £1 donated if Gift Aid has been declared.

The Exchequer Secretary to the Treasury, Robert Jenrick, said: ‘The UK has thousands of brilliant charities, all working hard to make people’s lives better. Through Gift Aid, we are already giving charities an extra £1.3 billion of funding so they can continue their important work.’



Individuals seeking to add a Gift Aid donation must have paid income tax or capital gains tax to at least the same value as the amount being donated. No additional costs will be applied for those using Gift Aid to donate to charity (providing they have paid sufficient tax already).

The Gift Aid Small Donations Scheme (GASDS), which was introduced in 2013, does not require declarations on donations worth up to £20. HMRC has written to 50,000 charities in order to make them aware of the GASDS, and continues to work closely with UK charities to ensure they get the most out of Gift Aid.

The General Data Protection Regulation – Be Prepared!

Research suggests that two thirds of businesses are 'unprepared' for the upcoming introduction of the General Data Protection Regulation (GDPR).

The GDPR is set to take effect from **25 May 2018**, and will apply to all businesses in the UK, regardless of size or structure. It will require organisations to protect the personal information they process, and to have verified proof of such protection.

The Regulation places emphasis on transparency & accountability, and will hold businesses responsible for safeguarding the collection, usage and storage of individuals' personal data.

Businesses who fail to comply with the new Regulation will be subject to stringent financial penalties, with fines costing up to €20 million, or up to 4% of total annual worldwide revenue, whichever is the greater.

Many businesses may already be compliant with regulations outlined by the Data Protection Act, however, whilst the new GDPR builds on these existing rights, it also requires firms to provide documentary evidence of their compliance, and identify a 'lawful basis' for processing personal data.

Businesses are urged to review any privacy notices they have and, where necessary, ensure that these are amended ahead of the introduction of the GDPR; data retention periods must also be outlined.

Firms will need to review their current data protection practices, and align these to the new rules.

Businesses may wish to designate a Data Protection Officer (DPO), who will be responsible for ensuring that the business is complying with the GDPR. For most businesses, this is not compulsory. However, under the new rules, some types of businesses are required by law to designate a DPO. These include:

- Public authorities
- Organisations that carry out regular or systematic monitoring of individuals on a large scale; and
- Organisations that process special categories of data on a large scale, such as health or criminal records.

The GDPR will introduce a new duty whereby firms will be required to report certain types of data breach to the Information Commissioner's Office (ICO). Businesses are also being urged to assess the types of personal data they hold: larger firms may wish to create new policies for handling data breaches, and communicate these with their employees.

Please contact us if you would like further information regarding this matter.

Cryptocurrencies

As many of you will know, Cryptocurrency is a hot topic for those wishing to get rich quick, however, whilst many have benefited from a recent boom in value, where does HMRC stand in terms of the taxation of Bitcoin and the like?

Bitcoin is seen as the world's first decentralised digital currency and the determination of its legal and regulatory status is ongoing. Cryptocurrencies operate independently of any central authority or bank, and since they are unregulated, they cannot be directly compared to any other form of investment activity/payment mechanism.

In 2014 HMRC issued a policy paper re the taxation of Bitcoin, and other Cryptocurrencies (**Revenue and Customs Brief 9 (2014)**. At the time HMRC advised that given the evolutionary nature of these Cryptocurrencies, they would issue further guidance as appropriate. However to date, no update has been issued.

According to the policy paper; whether any profit is chargeable or any loss is allowable, will be looked at on a 'case-by-case basis', taking into account the specific facts. Legislation and case law will also be applied to determine the correct tax treatment.

However, according to HMRC: *"A transaction may be so highly speculative that it is not taxable or any losses relievable…For example gambling or betting wins are not taxable and gambling losses cannot be offset against other taxable profits".*

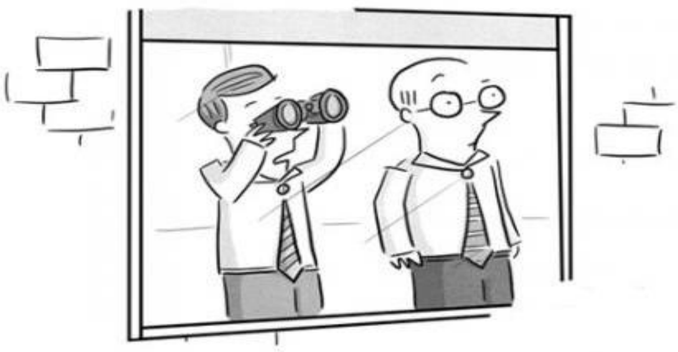
The above suggests that individuals dealing in Cryptocurrency ***may*** be treated as gambling.

To further support this notion; Lloyds Bank & Virgin Money recently banned customers from buying Cryptocurrencies using Credit Cards. The ban came into effect on 5th Feb 2018, and Cryptocurrency exchanges are now blacklisted. The bans came into force as holders of Bitcoin and other digital assets started to suffer steep declines.

At present UK legislation does not include any special tax rules for income, profits or gains arising from transactions involving Cryptocurrencies, or for charges made in connection with cryptocurrencies.

To add further confusion, it has also been suggested that any income/profits, gains and charges, are taxable under the normal VAT, Corporation Tax, Income Tax or Capital Gains Tax rules "*according to the facts and circumstances of each case"*.

A 'case by case' basis is the key to getting the taxation of Cryptocurrency correct; at present we cannot apply a blanket approach to all clients, but we will certainly be able to point you in the right direction, should you need any help or advice.



"I know this accounting in the cloud is supposed to make this easier, but how do we know which one is ours?"

Mini-Seminars

Further to feedback from our most recent Seminar, we will be hosting a series of 'Mini-Seminars' in order to focus on some of the key areas of interest that our clients have highlighted, for example; Inheritance Tax (IHT), and specific areas of VAT.

We aim to launch these Seminars in May this year, and will be in touch shortly with further details.

Other Staff News

Lucy in our VAT Department will be bravely taking part in a charity Skydive on 25/07/18 in order to raise funds for **Fibromyalgia Action UK**. This will also be a **Guinness World Record** attempt for the 'most tandem parachute jumps' from 10,000ft within 24hrs.

We wish her all the best in her attempt; if you would like to donate to this very worthy cause, Lucy's 'Just Giving' page can be found via the following link: www.justgiving.com/fundraising/lucy-ruewell

Ken Dodd – One final joke at HMRC's expense?

We recently saw the passing of comedy legend Ken Dodd, who died at the age of 90 years old.

In a seemingly unexpected move; two days prior to his death, the comedian married long-term partner Anne Jones, with whom he had shared his Liverpool home for the past 40 years.

While the couple were said to be delighted to have finally tied the knot, this action also avoided a potential Inheritance Tax (IHT) bill of up to £2.6m.

Dodd was worth an estimated £7.2m; without the marriage his estate would have been due to pay IHT at 40%, whereas assets can be passed between spouses free of Inheritance Tax on death.

The nil-rate band for Inheritance Tax is currently £325,000. Homeowners also have a Residence Nil-Rate Band (RNRB) currently £100,000, if the home is left to a direct descendant.

As many of you will know Dodd is no stranger to the Revenue, having faced a high-profile tax evasion case in 1989, when the comic was charged with 27 counts of tax evasion over 15 years totalling around £800,000

Following a three-week trial, Dodd was found not guilty, although tax experts were keen to point out that he settled in full with the tax authority, including penalties.

While Dodd was cleared of all charges by the jury, the case revealed some of the comedian's eccentricities, including the fact that he had more than £300,000 worth of banknotes in his home stashed in wardrobes, cupboards and suitcases.

In the years after the case Dodd went on to make light of his experience, and often introduced himself onstage with the line: "Good evening, my name is Kenneth Arthur Dodd, singer, photographic playboy and failed accountant."

So the big question is; was this really a marriage of love? Clever tax planning? Or simply one last joke at HMRC's expense?

Accountants Are A Joke!

1. Why are Accounting Departments so welcoming? Because everyone counts.
2. When does it rain money? When there is "change" in the weather.
3. Why is dough another word for money? Because we all knead it.
4. Why do Accountants look forward to the weekends? They can wear their casual clothes to work.

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