



# NEWSLETTER

December 2015 – Volume 13, Issue 4

## Welcome to the Copson Grandfield Newsletter.

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

30-31 St James Place  
Mangotsfield  
Bristol BS16 9JB

Tel 1: 0117 9561067

Fax 1: 0117 9701809

[admin@copsongrandfield.co.uk](mailto:admin@copsongrandfield.co.uk)  
[www.copsongrandfield.co.uk](http://www.copsongrandfield.co.uk)

Copson Grandfield is now on  
[Facebook](#) & [Twitter!](#)



Please follow the links above,  
or from our website, don't forget  
to hit the 'Like' button!

You can also find us on the  
'Kingswood People' website

## Autumn Statement 2015: A Brief Summary



On the 25<sup>th</sup> November 2015, Chancellor George Osborne delivered his joint Autumn Statement and Spending Review. Some of the key Business & Personal Tax measures announced include:

### Small Business Rate Relief

The Government has announced it will extend the doubling of Small Business Rate Relief for a further year from 1 April 2016.

### Venture Capital Schemes

From 30 November 2015; "the provision of reserve energy generating capacity and the generation of renewable energy benefiting from other government support by community energy organisations", will no longer be qualifying activities for Enterprise Investment Scheme (EIS), Venture Capital Trusts (VCTs) & Seed Enterprise Investment Scheme (SEIS).

### Charitable Close Company loans to participators

Legislation will be introduced in Finance Bill 2016 to ensure that a tax charge is not applied to loans or advances made by close companies to charity trustees for charitable purposes. This will apply to qualifying loans or advances made on or after 25 November 2015.

### Diesel Company Cars

The 3% differential between diesel cars and petrol cars was set to be removed in April 2016. However, it will now be retained until April 2021, when EU-wide testing procedures will ensure new diesel cars meet air quality standards even under strict real world driving conditions.

## Inside:

Autumn Statement	1
Self-Assessment Deadline	2
Tax System Reform	2
Simplifying Self-Assessment	2
Stamp Duty Changes	3
Offshore Penalties	3
Tax Tip – Xmas Gifts	3
Seminar – 4 <sup>th</sup> February 2015	4
Help-to-Buy ISA	4
Xmas Opening Times	4
Christmas is a Joke!	4

Continued overleaf...

### Tax-free Savings

The band of savings income that is subject to the 0% starting rate will be kept at its current level of £5,000 for 2016/17.

The current annual subscription limits for ISAs, Junior ISAs and Child Trust Funds will be kept at their current level for 2016/17 (£15,240 for ISAs, and £4,080 for Junior ISAs and Child Trust Funds).

### State Pension

The starting rate for a full new State Pension will be set at £155.65 per week, to take effect in April 2016. The basic State Pension will be increased by the 'triple lock' for 2016/17, meaning a full basic State Pension will rise to £119.30 a week, an increase of £3.35.

### Pension Annuities: Secondary Market

The Government will legislate to remove existing barriers to creating a secondary market for annuities, allowing individuals to sell their annuity income stream. Further details will be set out in a consultation response this December.

### Inheritance Tax

Legislation will be introduced in Finance Bill 2016 to ensure a charge to inheritance tax will not arise when a pension scheme member designates funds for drawdown but does not draw all of the funds before death. This will be backdated to apply to deaths on or after 6 April 2011.

### Tax-free Childcare

The upper income limit per parent will be lowered from £150,000 to £100,000 and the minimum income level per parent will be increased from the equivalent of 8 hours to 16 hours at the National Living Wage.



**"It's not the gift, it's the thought that counts. So I thought about getting you a gift"**

## Self-Assessment Deadline

If you haven't yet filed your 2014/15 Tax Return, please be aware that time is running out.

The deadline for submission, and payment to HM Revenue & Customs is **31 January 2016**.

In order to complete your 2014/15 Tax Return we will need to receive your Personal Income details, together with your Accounting Records (if applicable) **as soon as possible**.

Failure to meet the deadline will result in an automatic £100.00 penalty, which HMRC will enforce regardless of whether you owe tax or not!

Continued failure to submit your return will also result in daily penalties, surcharges and interest, which can become very expensive, very quickly.

If you are unsure of what details you need to provide, or if you need any help/ advice obtaining the required information, please do not hesitate to contact either your Portfolio Manager, or a member of our Personal Tax Team.

## Tax System Reform

The Government plans to invest £1.3bn in order to transform HMRC into 'one of the most digitally advanced tax administrations in the world'.

Most businesses, self-employed people and landlords will be required to keep track of their tax affairs digitally and update HMRC at least quarterly via their digital tax account.

HMRC will ensure the availability of free apps and software that link securely to its systems and provide support to those who need help using digital technology.

The Government will publish its plans to transform the tax system shortly and will consult on the details in 2016.

## Simplifying Self-Assessment

In addition to the above; draft legislation is to be published in Finance Bill 2016 that will enable a new, simpler process for paying tax.

This proposed system will be used for taxpayers in Self-Assessment who have simple tax affairs where HMRC already holds all the data it needs to calculate the tax liability, and where existing payment processes are not available.

Taxpayers will be sent a calculation which will be a legally enforceable demand for payment, although taxpayers will still be able to challenge and appeal these calculations. This process aims to come into effect during in the 2016/17 tax year.

## Stamp Duty changes are 'ill-designed', says IFS

The Institute for Fiscal Studies (IFS) has criticised the changes to Stamp Duty Land Tax (SDLT) announced by Chancellor George Osborne in the Autumn Statement and Spending Review.

From 1 April 2016, higher rates of SDLT will be charged on purchases of additional residential properties (above £40,000), such as buy-to-let properties & second homes. The higher rates will be three percent above the current SDLT rates.

IFS director Paul Johnson said: 'The increase... of nearly £1 billion on second homes and buy-to-let properties is ill designed, not least because it reintroduces, a cliff edge into the Stamp Duty schedule, a mere year after the Chancellor made much of abolishing cliff edges in the Stamp Duty schedule'.

Buy-to-let landlords will also be affected by a change to Capital Gains Tax (CGT) rules which means that from April 2019 they will have to pay any CGT due within 30 days of selling a property, rather than waiting till the end of the tax year.

Additionally, the change made in the July Budget, whereby from 2017 landlords will only receive the basic rate of tax relief of 20% on mortgage payments, will also have an effect on buy-to-let landlords.

## Tax Tip - Seasonal Gifts

The **Office Christmas Party** is of course a tradition, but did you know it is also tax deductible?

Annual Staff functions can be tax-free where the total cost per person attending is no more than £150 per year (including VAT). This applies to everyone attending and can also apply to other expenses, such as taxis or accommodation.

However, if you overspend per head then the whole cost is subject to tax, and will need to be paid by reporting the benefit on the employee's P11D, or the grossed up tax can be settled through a PAYE Settlement Agreement (PSA). A further national insurance bill will also be payable - so be sure to get the sums right!

Seasonal gifts for clients and staff may also be deductible, but to qualify they must be **'promotional gifts'**. This means displaying a 'conspicuous advertisement' in the form of your company logo.

Such gifts can be given to staff tax-free providing the overall cost doesn't exceed £50 per person per year. Note that gifts of food, drink, tobacco and vouchers are specifically excluded.



## HMRC clamp down on Offshore Tax Evasion Penalties

HM Revenue and Customs have issued a warning to those with offshore assets that they will face tougher sanctions if they fail to declare their tax affairs.

Currently, individuals can make disclosures to reduce penalties and prevent criminal proceedings from being instigated. However, from 2016, a tougher facility with stricter penalties will replace these disclosure arrangements.



People who do not divulge their income from Savings, along with people who own property abroad and those with offshore bank accounts will be made to pay the amounts that they owe, and HMRC will be permitted to enforce fines from a minimum of 30% of the tax due.

In 2017, a new automatic exchange system will give the Government the ability to share information on individuals' personal financial affairs with over 90 countries around the world.

David Gauke, Financial Secretary to the Treasury, stated:

'Hiding money in another country at the expense of honest UK taxpayers is not acceptable and we have made it clear we will put a stop to it. Under our new regime the small minority who evade tax offshore, facilitate or turn a blind eye to offshore tax evasion will face tougher sanctions.'

## **VERY IMPORTANT SEMINAR – Thursday 4<sup>th</sup> February 2016**

There have been some major changes and important announcements within the Accounting World in recent months.

Therefore in order to keep you up to date and to ensure that these changes impact you as little as possible, we will be running a Seminar on Thursday 4<sup>th</sup> February at Cleve RFC.

The Seminar will start at 6.30pm, and will run for approximately an hour and a half.

We feel that you should all attend, during the Seminar we will be covering:

### **Summer Budget & Autumn Statement**

This year's Summer Budget brought about some major changes, including changes to Dividend Tax, together with restrictions on Loan Interest for Higher Rate Taxpayers, plus the removal of the 10% Wear & Tear Allowance for Furnished Properties.

Further Changes that were announced in the recent Autumn Statement will also be covered during this Seminar.

### **FRS102 - The Financial Reporting Standard**

Major changes are happening to the way Accounts are prepared and presented.

Whilst we are able to apply these changes for you, it is important that you are aware of the impact/implications involved. We therefore plan to update you as to what is happening and what needs to be done.

### **Auto-Enrolment**

Although this is an area that has been covered in previous Seminars, we believe it is important to provide an update on this vital subject as more of you get closer to your staging date(s).

### **Pensions**

We will also provide a refresher as to the new rules on making pension contributions, and then withdrawing benefit after retirement.

## **New Help to Buy ISAs launch with interest of up to 4%**

The new Help to Buy ISA scheme, announced by the Chancellor in the March Budget, came into effect last week, with various banks and building societies launching their products onto the market.

As from 1 December 2015, potential first-time house buyers can use these special accounts to save for a deposit and gain specific advantages.

Interest in a Help to Buy ISA will be free of both income and capital gains tax, and when savers take money out to buy a property, the Government will add 25% to whatever is in the account, up to a maximum of £3,000.



Those banks and building societies that have launched Help to Buy ISAs include Halifax, which will offer an initial interest rate of 4%, whilst Nationwide & Natwest are both offering 2% interest but include access to other perks and incentives.

Meanwhile, a survey by Nationwide has found that growth in UK house prices slowed slightly in November. Prices were 3.7% higher than a year earlier, down from 3.9% in October. The average property in the UK now costs £196,305.



## **Christmas Hours**

Our Offices will be closed from 1.00pm on  
Thursday 24<sup>th</sup> December 2015

We will reopen at 8.30am on Monday 4<sup>th</sup>  
January 2016.

**We wish you all a Happy  
Christmas & New Year!**



## **Christmas is a Joke!**

1. Why did no one bid for Rudolph and Blitzen on eBay? **Because they were two deer!**
2. Why did Santa's helper see the doctor? **Because he had a low "elf" esteem!**
3. Why does Santa have three gardens? **So he can 'Ho Ho Ho'!**
4. What is the best Christmas present in the world? **A broken drum, you just can't beat it!**

Disclaimer: Every care in preparing material contained within this publication is taken to ensure that the content is accurate and up to date. However due to continuing amendments and changes in legislation no responsibility for loss occasioned to any person acting or refraining from acting as a result of the material can be accepted by Copson Grandfield.