Copson Grandfield
CHARTERED ACCOUNTANTS

NEWSLETTER

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

Inside:

Welcome to the Copson Grandfield Newsletter.

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

Autumn Statement 2016: A Brief Summary

On 23rd November 2016, the new Chancellor; Philip Hammond presented his first Autumn Statement to Parliament – here's a summary of what was announced:

Continuing to bring the deficit down; the government has cut borrowing by nearly two-thirds since 2010, but will no longer aim for a budget surplus by 2019. The government has therefore set new fiscal targets which aim for 2% underlying deficit and debt falling by 2020, and a balanced budget as soon as possible thereafter.

A new three-year **NS&I Investment Bond** will become available from spring 2017, with an indicative rate of 2.2%. The bond will offer the flexibility to put away between £100 and £3,000 and be available to those aged 16 or over.

The **Personal Allowance** (the amount you can earn before you start paying income tax) is expected to rise to £12,500 and the **Higher Rate Threshold** to £50,000 by 2020-21.The Personal Allowance is currently £11,000, and will rise to £11,500 in 2017-18. The point at which you pay the higher rate of income tax will increase from £43,000 this year, to £45,000 in 2017-18.

The **National Living Wage** and the **National Minimum Wage** will increase from April 2017. The **National Living Wage** for those aged 25 and over will increase from £7.20 per hour to £7.50 per hour.

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The **National Minimum Wage** will also increase as follows:

21 - 24 year olds	from £6.95 per hour to £7.05
18 - 20 year olds	from £5.55 per hour to £5.60
16 - 17 year olds	from £4.00 per hour to £4.05
Apprentices	from £3.40 per hour to £3.50

Fuel Duty will remain frozen for a seventh consecutive year; saving drivers £130 a year on average.

A ban on **Letting Agents** charging fees to renters; Agents will no longer be able to charge renters when they sign a new tenancy agreement. This will stop tenants being hit with fees averaging £223 per tenancy. The government will consult on this in due course.

Pensions Scams; A consultation before Christmas will look at ways to tackle pensions scams, including banning businesses from cold calling someone about their pension. This includes scammers targeting people who inadvertently 'opt-in' to receiving third party communications.

Committing to cutting **Corporation Tax** to 17% by 2020; the main rate of Corporation Tax has already been cut from 28% in 2010 to 20%, and will be cut again to 17% by 2020, benefitting over 1 million businesses.

Cracking down on **Tax Avoiders** and those who help them; a new penalty is being introduced for those helping someone else to use a tax avoidance scheme.

Tax Avoiders are hit with significant bills when HMRC defeats their avoidance scheme, this new penalty will ensure that those who help them will also face the consequences.

Salary Sacrifice schemes will be taxed more fairly from April 2017. Currently under salary sacrifice, employees exchange some of their salary for a non-cash benefit in kind (such as a mobile phone). Both the employer and employee make a tax saving, because the benefit is either taxed less than a salary or not taxed at all. Under new proposals most salary sacrifice schemes will be subject to the same tax as cash income.

These changes will affect types of salary sacrifice schemes differently, however, please note:

Pensions, Pension Advice, Childcare, Cycle to Work and Ultra-Low Emission Cars will be exempt from the changes.

All arrangements in place before April 2017 will be protected for up to a year, and arrangements in place before April 2017 for Cars, Accommodation and School Fees will be protected for up to 4 years.

Staff News

Farewell to Zoe Cambridge who has left our VAT Team in search of pastures new, we wish her all the best for the future.

We'd also like to welcome some new starters to Copson Grandfield:

Neil Smith has joined our Accounts Department, and Lucy Ruewell will be working in our VAT Team.

We also welcome Molly Meechan & Jade Wood, who have both recently joined our Admin Team.

Meanwhile, Maizey Goodman has taken on a new role within Copson Grandfield as Company Secretarial Administrator, replacing Jackie Young.

1% Pension Exit Fee Cap confirmed by FCA

Early exit charges for individuals withdrawing money from their pension pot will be capped at 1%, the Financial Conduct Authority (FCA) has confirmed.

For existing occupational pensions, the cap of 1% will apply, while a cap of 0% will apply to new contracts. The Department for Work and Pensions stated that the introduction of such caps will remove 'unnecessary barriers for those wanting to access their savings'.

Both caps will only affect those aged 55 or over.

Richard Harrington, Minister for Pensions, said: 'This new cap will protect people's savings from excessive charges, so more of their money will go towards the comfortable retirement they have saved for.'

Meanwhile, Christopher Woolard, Executive Director of Strategy and Competition at the FCA, commented: 'The 1% cap on early exit charges for existing pensions and the 0% cap for new contracts will mean that current and future savers will not be deterred by these charges from accessing their pension pots.'

The new rules, which were proposed by the Treasury earlier this year, are set to come into force in March 2017.

Significant number facing 'Retirement Income Shortfall'

The Pensions and Lifetime Savings Association (PLSA) has suggested that some 13.6 million workers are at risk of not having a satisfactory income in old age.

A report by the pension body defined an ‘adequate retirement income’ as one that reaches the ‘target replacement rate’, which is 67% of the amount earned before retirement.

However, the analysis also suggests that auto-enrolment will leave individuals an estimated £2,500 per year better off in retirement.

Graham Vidler of the PLSA, commented: ‘auto-enrolment is set to deliver a tangible improvement in the retirement incomes of millions of people, but there is still work to do. It is clear from our analysis that minimum contributions under automatic enrolment need to increase to at least 12%.’

Frances O’Grady, General Secretary of the Trades Union Congress, stated: ‘Employers must step up and show they’re prepared to put more into workplace pensions alongside their employees, and the government must improve auto-enrolment so it delivers a decent pension for everyone.’

Tax Tip – Trivial Benefits

In the run up to Christmas you may want to reward staff in the form of a festive gift; but did you know about the **‘Trivial Benefits in Kind Exemption’,** which allows employers to provide certain Benefits, without the usual tax repercussions?

A Trivial Benefit must satisfy the following conditions:

- No more than £50 per benefit (or average of £50 if provided to a group of employees).
- Not cash or a cash voucher (gift vouchers e.g. for a shop, are allowed).
- There must be no entitlement to the benefit as part of the employee’s contract.
- It is not provided in recognition of a work related service or employment duty.
- For close companies there is a limit on the total Trivial Benefits exemption of £300 per tax year per director (or office holder), however regular employees don’t have this £300 limit.

Exempt Trivial Benefits are not treated as income for Tax or Class 1 NIC purposes and do not need to be reported on a P11D, P9D or P11D(b).

Be careful! If the individual benefit exceeds £50 (or an average of £50 per head), the whole amount then comes taxable as a benefit in kind, not just the excess over £50.

“I know I only work one day a year, but I would like to retire sometime soon”

Lifetime ISA Risks & Warnings

The Financial Conduct Authority (FCA) has suggested that Lifetime ISA providers should warn savers of the potential risks associated with the new savings vehicle.

Announced in this year’s Budget, the Lifetime ISA will be available to savers from April 2017, and is designed to permit individuals under the age of 40 to save for a first home or to save towards their retirement.

Savers who open a Lifetime ISA will be able to pay in up to £4,000 per tax year, receiving a 25% bonus from the government for every pound they put in. Individuals who save the maximum will receive a £1,000 bonus each year.

Under the FCA’s proposed rules, providers will be required to supply specific warnings to consumers at the point of sale, reminding them of the importance of having an appropriate mix of assets within their Lifetime ISA.

Alongside this, firms will need to remind savers of the early withdrawal charge and any other charges.

The financial regulator stated that it intends to ‘regulate the Lifetime ISA in the same way as other ISA products’, but will also create new protections designed to ‘reflect the dual purpose of a Lifetime ISA and the restrictions on accessing funds’.

The FCA will carry out a consultation on its proposals in an effort to implement the new rules before April 2017.

Warning over plans to move HMRC services online

The Public Accounts Committee (PAC) has warned that plans to move HM Revenue & Customs (HMRC) services online could lead to a 'disastrous decline' in customer service.

HMRC is reducing the number of customer service staff it employs by nearly a third, in anticipation that more people will use its digital services.

However, the 'PAC' have urged HMRC not to repeat the 'mistakes it made two years ago' when it reduced its number of personal tax service staff; resulting in a significant decline in customer service.

The Committee stated that it is 'not convinced HMRC has a credible plan to make savings without damaging customer service'.

Meg Hillier MP, Chair of the PAC, commented: 'The public and Parliament rightly have high expectations of HMRC which plays a vital role in national life.

'It is therefore disconcerting that again we must raise concerns about the authority's customer service and transparency in the tax system. The lack of a convincing fall-back plan to safeguard service as HMRC undergoes significant change remains a looming threat to its ability to collect tax from individuals simply trying to pay their fair share.'

Other News – Cotswold Plod 2016; Top Fundraisers!

Back in June this year Copson Grandfield embarked on an epic 40 Walk in order to raise funds for the charity 'Action'; who specialise in Medical Research for Children.

The Cotswold Plod 2016 has now raised over £50,000, however it has now been announced that Copson Grandfield have been crowned the Top Fundraiser for 2016, raising nearly £6000!

We would therefore like to thank you all once again for your support and donations, we couldn't have done it without you!

"We can stay home this Christmas Eve, everyone is getting Music, Films, and Games they can download from my Website"

Self-Assessment Deadline

If you haven't submitted your **2015/16** Tax Return yet, the deadline for both submission, and payment to HM Revenue & Customs is **31 January 2017.**

In order to complete your 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!

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.

Christmas Hours

Our Offices will be closed from 1.00pm on Friday 23rd December 2016

We will reopen at 8.30am on Tuesday 3rd January 2017.

We wish you all a Happy Christmas & New Year!

Christmas is a Joke!

1. What do you get if you cross an iPad with a Christmas Tree? A PineApple!
2. What do Elves do after School? Their Gnome Work!
3. What does Father Christmas do when his Elves misbehave? He gives them the Sack!
4. What do Snowmen like to do on the Weekend? They Chill Out!