



# NEWSLETTER

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## Inside:

Record Borrowing Figures	1
End of Year Planning	2
2014/15 Self-Assessment	2
Tax Tip – VCT's	3
Seminar – Thank You	3
New Probate Plans	3
<b>Rumoured Pension Changes</b>	<b>3</b>
Staff News	4
<b>Scanning Assistant Required</b>	<b>4</b>
Charity Walk	4
New Living Wage	4
Accountants Are A Joke	4

## Welcome to the Copson Grandfield Newsletter.

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

### Record borrowing figures as buy-to-let landlords rush to beat tax changes



Mortgage lending reached £17.9 billion in January this year, the highest for a January since 2008, according to the Council of Mortgage Lenders.

The figure is 21% higher than the £14.8 billion lent in January last year, experts are attributing the high level of borrowing to a surge in buy-to-let landlords looking to buy properties ahead of tax changes due to be implemented in April.

**From the start of the 2016/17 tax year, most landlords will pay a 3% surcharge on stamp duty on property purchases.**

The CML's members are banks, building societies and other lenders who together undertake around 95% of all residential mortgage lending in the UK. The organisation's economist Mohammad Jamei said: 'Lending started the year on a positive note. Our monthly estimate is 21% higher than a year ago, with the current growth rate in lending similar to the closing months of 2015.

'We still only see limited upside potential going forwards, as the number of properties for sale on the market remains low and affordability pressures weigh on activity. Upcoming tax changes in the buy-to-let sector are adding an element of uncertainty to the market.'

However, the CML did also partly attribute the high January borrowing figure to positive economic factors. Mr Jamei said: 'UK market fundamentals are helping to underpin this recovery, with real wage growth, an improving labour market, competitive mortgage deals, and government schemes all supporting household demand.'

## Tax Tips – End of Year Planning

By implementing some key tax planning strategies ahead of the year end on 5 April, you can help to ensure that both your business and personal finances remain tax-efficient.

Here we feature some planning strategies that you might like to consider putting into action before 6 April 2016.

### Making the most of your ISA Allowance

You have until 5 April 2016 to make your 2015/16 ISA investment. Adult savers may invest in a combination of cash or stocks and shares up to the overall annual subscription limit of £15,240 for 2015/16.

Individuals may only pay into a maximum of one Cash ISA and one Stocks and Shares ISA each year.

### Extracting Profit from your Business

Currently, a Dividend is paid free of National Insurance Contributions (NICs), while a salary or bonus can carry up to 25.8% in Employer and Employee contributions - however, a Salary or Bonus is generally Tax Deductible for the Company, whereas Dividends are not.

**With the new regime applying to Dividend Taxation with effect from April 2016, you may wish to consider increasing your Dividends before 6 April 2016. There may be other tax issues to take into account, such as loss of the Personal Tax Allowance if your total 'adjusted net income' exceeds £100,000. Please contact us for further advice.**

### Making Pension Contributions – Also see Page 3

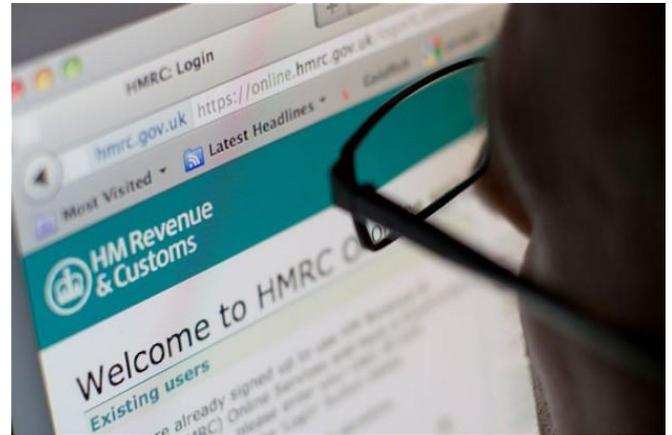
Personal contributions to pension schemes attract (in some cases) tax relief worth up to 60%. To be applied against 2015/16 income, pension contributions must be paid on or before 5 April 2016.

Tax relief is available on annual contributions limited to the greater of £3,600 (gross) or the amount of UK relevant earnings, but also subject to the Annual Allowance.



## HMRC sees biggest digital Self-Assessment ever

HM Revenue and Customs (HMRC) oversaw the biggest digital Self-Assessment event ever this year, receiving 10.24 million tax returns by midnight on 31 January 2016.



A record 85.5% of these were sent online, with the busiest days for filing coming on 30 and 31 January, when HMRC received 980,000 returns. The busiest hour was between 1pm and 2pm on 30 January, when almost 50,000 returns were received – 830 per minute.

The busiest hour on deadline day was between 11 am and midday, when almost 32,000 returns were received – 530 per minute.

Around 4.3 million taxpayers (42%) left it until January to file their returns, which HMRC issued in April 2015.

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.

We're grateful to the overwhelming majority of people who sent their returns on time. If you're one of the minority who missed the deadline, you still need to get your tax return to us as soon as possible, to avoid further penalties and interest mounting up.

Missing the tax return deadline results in an automatic £100 late-filing penalty. There are further late-filing penalties after 3, 6 and 12 months.

People with a genuine reason for not filing should contact HMRC to ensure they do not incur more penalties".

**If you still need to submit your Tax Return and require our assistance, please contact us as a matter of urgency.**

## Tax Tip – VCT's

Another great way to invest and reduce your Tax bill is through the use of Venture Capital Trust's (VCT's).

When you invest in a VCT, you can benefit from:

- Up to 30% Income Tax Relief each tax year on investments up to £200,000 (to retain this relief you have to keep your VCT Shares for 5 years)
- Tax-Free Dividends
- No Capital Gains Tax on the sale of the Shares

Tax treatment is dependent on your individual circumstances and may be subject to change. The availability of tax reliefs also depends on the VCT maintaining its VCT qualifying status.

Investing in smaller companies isn't easy, and demands specialist skills and experience. If this is something that you would be interested in, or would like further information, please do not hesitate to contact us.

## New probate plans could cost families up to £20,000

Millions of families face a rise in probate fees, whilst raising £250 million for the Exchequer.



Under the new tiered system, those with sizeable estates could face maximum fees of £20,000, yet government ministers have claimed that alterations to fees would ensure a fairer system, under which many poorer families may no longer have to pay.

Currently, fees are charged at flat rates of £155 or £215 on estates worth more than £5,000 (estates worth less than £5,000 do not have to pay for probate). However, this figure is set to rise to £50,000. Such an increase means that some 57% of estates will pay nothing.

Individuals with estates worth over £50,000, however, will pay significantly higher fees, ranging from £300 to a maximum of £20,000.

The Ministry of Justice has stated that only 1% of estates will have to pay the maximum of £20,000. A spokesperson for the Ministry said: 'Court fees are never popular but they are necessary. We have got to make sure courts are properly funded at the same time as cutting the budget deficit'.

## Seminar – Thank you

We would like to thank everyone who attended our recent Seminar at the beginning of February.

We hope it was informative and that it helped to highlight some of the important changes that are coming into effect over the coming months/ years.

Don't forget; if there is anything that you would like further information on, or if you need tailored advice, please do not hesitate to contact us.

## Rumoured Pension Changes

Ahead of the budget on 16 March, the pensions industry is once again on the edge of its seat. Amongst the rumours; Industry insiders speculate that the chancellor could abolish the 25% tax-free lump sum; maximum annual contributions could be reduced; or the whole tax relief system could be abolished, favouring an Isa-style system of tax upfront, but tax free on the way out.

So what is the chancellor likely to favour?

**Flat-rate relief;** currently, basic rate taxpayers get 20% tax relief, higher rate taxpayers get 40%, whilst top rate taxpayers get 45%. Higher rate tax relief costs the Treasury £7bn a year, and clearly favours the well-off. Replacing this with flat-rate relief may be seen as 'levelling the playing field' for those in lower tax bands, whilst also saving the government money.

**ISA-style system;** One idea the Treasury has examined is to make pensions like Individual Savings Accounts. Savers currently pay no tax on money they put into a pension, but pay tax on money taken out. An Isa system would do the opposite: Income tax would be paid before the money was saved, but it would be tax-free when taken out. **If this happens, the 25% tax-free lump sum would also disappear.**

**Cutting Allowances;** Pension Contributions are currently capped in two regards:

- **Annual Allowance:** £40,000. However from 6 April, top-rate taxpayers will see this reduced by £1 for every £2 they earn above £150,000.
- **Lifetime Allowance:** Currently £1.25m, but from 6 April this will be cut to £1m.

Tom McPhail, pensions expert with Hargreaves Lansdown, thinks a reduction to the Annual Allowance is "highly likely, possibly down to as low as £25,000". As for the Lifetime Allowance, Mr McPhail describes it as a "perverse irrelevance", but believes the government may be reluctant to give it up.

**Please note that the above is currently just pre-budget speculation, however if you are considering making contributions, it may be worth doing this before the Budget (16 March 2016) in order to make use of the current rules.**



"I understand you gave it all to the poor, but do you have any receipts?"

## Copson Grandfield set to 'PLOD' the Cotswolds

Copson Grandfield has entered 2 teams in 'The PLOD', which is a 40 Mile Midnight Trek across the Cotswold's.

This is a Charity Walk to help raise funds for 'Action', which focuses on Medical Research for Children. The walk will take place on 11<sup>th</sup>/12<sup>th</sup> June.



Further information on this event can be found via the following link:

<https://www.action.org.uk/plod-cotswold-way>

We have also set up a sponsorship page for anyone who wishes to contribute to this great cause, please follow this link if you would like to make a donation:

<https://www.action.org.uk/support-us/sponsor-friend?title=copson&event=>

Thank you in advance for your support.

## Staff News

Wendy Ellis will be retiring at the end of March after many happy years with us. We wish her all the best with her retirement.

We would also like to welcome Elaine White, who has recently joined our Admin Team.

## Scanning Assistant Required

In a bid to free up some office space and to update our archives, we are currently undertaking the task of scanning our older files and records.

We are looking for an individual of 'school age' who would be interested in spending a few hours each week after school scanning and archiving documents.

If you know of someone who would be interested in this opportunity or if you would like any further information, please contact our Office Manager; Lorraine Banks on either 0117 956 1067, or at: [lorraine.banks@copsongrandfield.co.uk](mailto:lorraine.banks@copsongrandfield.co.uk)

## New Living Wage from April 16

Don't forget; from April 2016, the government will introduce the new mandatory **National Living Wage** (NLW) for workers aged 25 and above.

This will initially be set at **£7.20** – a rise of 50p over the current National Minimum Wage (NMW) rate.

That's a £910 per annum increase in earnings for a full-time worker on the current NMW.

The adult National Minimum Wage rate is currently £6.70. From 1 April 2016 the premium will come into effect on top of the NMW, taking the National Living Wage to £7.20, and is expected to rise to £9.00 by 2020.

The National Minimum Wage will continue to apply for those aged 21 to 24, with the premium added on top for those aged 25 and over.

## Accountants Are A Joke!

1. Which clients do short Accountants like best? **Small Businesses**
2. How do Accountants make a bold fashion statement? **They wear their dark grey socks instead of the light grey**
3. A man goes to the doctor. "Doctor, that medicine you gave me isn't working. Is there anything else I could try?"  
"Fill out this tax form," suggests the doctor.  
"How's that going to help me?" asks the man.  
"I'm not sure," replies the doctor, "but it could give you some relief."

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