



# NEWSLETTER

March 2020 – Volume 18, Issue 1

## Welcome to the Copson Grandfield Newsletter

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### Inside

Self-Assessment Filing Deadline	1&2
NIC Threshold Increase	2
<b>Off-payroll working Changes from April 2020</b>	<b>2</b>
Staff News	2
<b>CGT Changes affecting Residential Property</b>	<b>3</b>
Self-Assessment Excuses	3
<b>VAT - Reverse Charge for Construction Services</b>	<b>3</b>
Online Banking Changes 'Confirmation of Payee'	4
Other News	4
<b>Copson Grandfield Seminar 26 March 2020!</b>	<b>4</b>
Accountants are a Joke!	4

## Over 950,000 taxpayers miss Self Assessment deadline



The number of taxpayers who missed the Self-Assessment deadline rose to 958,296 this year, according to data published by HMRC.

However, a record-breaking 11.1 million taxpayers did meet the 31 January deadline, with the number filing online soaring to over 10.4 million for the first time.

Almost 11.7 million individuals were required to file their 2018/19 tax returns by the end of January 2020.

More than 700,000 submitted their tax returns on deadline day, with the peak hour for filing between 4pm and 4:59pm, where 56,969 people filed a return, whereas 26,562 taxpayers completed their returns in the final hour.

Commenting on the numbers, Angela MacDonald, HMRC's Director General for Customer Services, said: 'I'd like to thank everyone who filed and paid on time, but anyone yet to file or pay should contact HMRC straight away because we are here to help.'

'Customers who have missed the deadline should contact HMRC. The department will treat those with genuine excuses leniently, as it focuses penalties on those who persistently fail to complete their tax returns and deliberate tax evaders. The excuse must be genuine and HMRC may ask for evidence.'

Continued on Page 2...

Copson Grandfield was able to submit **99.34%** of all tax returns prepared/ finalised this year.

Please note that if still have an outstanding 2019 tax return, you will now be liable to pay a £100.00 penalty for missing the 31 January 2020 deadline.

If this return remains be outstanding at 1 May 2020, daily penalties of £10.00 per day will commence, and will run until 31 July 2020, creating an additional penalty of £900.00.

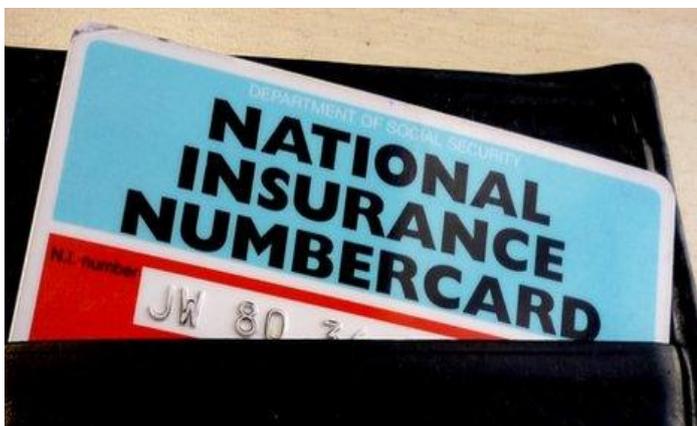
At this point HMRC will then charge a further of £300.00, or 5% of the tax due (whichever is greater), thereby making the penalty at least £1300.00 once you are 6 months late.

**If you still haven't provided us with your records/ information, or need any help with your tax return; we suggest that you contact us as a matter of urgency.**

## Chancellor raises NIC threshold

The Chancellor of the Exchequer, Sajid Javid, has raised the threshold at which taxpayers start to pay National Insurance Contributions (NICs) to £9,500.

The increase will apply from April 2020, and moves the government closer to its target of a £12,500 threshold for NICs, which would bring it into line with income tax.



As a result, a typical employee will save around £104.00 during the next tax year, while self-employed people (who pay a lower rate), will save £78.00.

Commenting on the change, the Chancellor said:

'We're determined to do what we promised and put more money into the pockets of ordinary hard-working people; we're starting this government as we mean to go on, by cutting their bills.

'We want everyone to feel that they can contribute to the new chapter we are opening for the economy and our country, because under this government work will always pay.'

## Off-payroll working rules – Changes from April 2020

The government has confirmed that reforms to off-payroll working rules for the **private sector** will be implemented from **6 April 2020**.

The introduction of the 'off-payroll rules', known as IR35 have applied to the public sector since 2017, but has been under review for the private sector for some time. This review has now concluded, and the changes are set to go ahead.

The new rules will use the 2017 changes as a starting point for the extension to medium and large organisations in the private sector. **These reforms will shift the responsibility for assessing employment status to medium and large organisations employing individuals**, rather than the individuals 'assessing' themselves.

HMRC said it will take a 'light touch approach' and businesses will not have to pay penalties for inaccuracies in the first year, except in cases of deliberate non-compliance.

The government will also introduce a legal obligation on organisations to respond to requested information about their size, in order to clarify who is responsible for determining the worker's tax status.

Commenting on the changes, Jesse Norman, Financial Secretary to the Treasury, said: 'It is only right that the off-payroll rules are applied consistently across all sectors. Two people sitting side by side doing the same work for the same employer should be taxed in the same way.

'Following a review, the government is announcing a package of measures to help individuals and businesses implement these changes smoothly.'

If you are affected by these changes, or would like further advice on how this may impact your business going forward, please do not hesitate to contact us.

## Staff News

As many of you may already know; **Stephen Hull** has recently stepped down as a Portfolio Manager at Copson Grandfield.

After years of service Stephen has decided that now is the time to start taking it easy, however he will still be on hand in a Consultancy capacity.

We also welcome **Charlotte Dicker**, who has recently joined our VAT Team.

## Major CGT Changes regarding the sale of Residential Property

Residential property sellers need to be aware of major changes to the Capital Gains Tax (CGT) rules, which are due to be introduced on **6 April 2020**.

Under the current system, CGT in relation to residential property needs to be reported via Self-Assessment, with any liability becoming due by the 31 January, following the (tax) year of disposal.

For example; a property sold on the 6 April 2018 would fall in the 2018/19 Tax Year, and any liability would be due by 31/01/2020, some 22 months later!

Under the new rules, gains need to be reported via a new standalone online return, and **taxpayers will need to settle the tax due within 30 days of completion of the sale**, therefore giving individuals less time to calculate the CGT, report the gain and pay the tax.

Calculating the CGT will require the property owner to make a reasonable estimate of the tax payable; this is because the rate of CGT will depend on the taxpayer's income for the whole tax year.

Taxpayers must estimate their income for the year, so that the correct CGT rate of 18% or 28% can be applied, whilst this may not be a problem where income is steady and predictable, it becomes more difficult if income levels are uneven or if more than one property is sold in a year.

Commenting on the changes, John Bunker, Chair of the Chartered Institute of Taxation's (CIOT) Private Client UK committee, said:

'This is a seismic change for property owners with taxable gains on their residential properties.

'Rather than thinking about an annual compliance process, property owners need to have their records up to date in advance of the sale so that the 30-day deadline can be met, and penalty charges avoided'.

**It is therefore extremely important that you notify us immediately after completion; or better still, before any gain arises, so that we can ensure that you make the necessary declarations and pay your tax on time.**

\*Also, as mentioned in the September 2019 issue of our Newsletter; **PPR/ Main Residence Relief** is also changing, with the last 18 months of 'Deemed Occupancy' being reduced to just 9 months. **Lettings Relief** will also no longer be available for the majority of individuals who have let out a former Main Residence. Both of these changes are due to take effect from **6 April 2020**.

## Best Self-Assessment Excuses

Vengeful witches and pet hamsters feature in HMRC's list of imaginative excuses and expense claims, which was published in the run up to the self-assessment deadline.

The tax authority has compiled a list of the weirdest unsuccessful excuses from the last decade.

The list includes one filer who claimed their mother-in-law was a witch who had cursed them, hamsters and dogs that had eaten the post and a customer who was up a mountain without internet access.

Angela MacDonald, HMRC Director General of Customer Services, said: 'Each year, we try to make it as easy as possible for our customers to complete their tax returns and the majority make the effort to do theirs' right and on time.

'We always offer help to those who have a genuine excuse for not submitting their return on time, however it is unfair to the majority of honest taxpayers when others make bogus claims.'

## VAT Domestic Reverse Charge for Construction Services

The Domestic Reverse Charge is a major change to the way VAT is collected in the building and construction industry.

After being postponed at the end of last year; it is now due to come into effect on **1 October 2020** and means the customer receiving the service will have to pay the VAT due to HMRC, instead of paying the supplier.

This will affect you if you supply or receive specified services that are reported under the Construction Industry Scheme (CIS).

You will need to prepare for the 1 October 2020 introduction date by:

- Checking whether the reverse charge affects either your sales, purchases or both.
- Making sure your accounting systems and software are updated to deal with the reverse charge.
- Considering whether the change will have an impact on your Cashflow.
- Making sure all your staff who are responsible for VAT accounting are familiar with the reverse charge and how it will operate.

If you are unsure whether the above affects you, or if you need any further guidance, please do not hesitate to contact your Portfolio Manager, who will be more than happy to assist you.

## Online Banking Changes - 'Confirmation of Payee'

The Payment Systems Regulator has been looking at ways to improve the way payments are made and processed. 'Confirmation of Payee' (CoP) is the first new service that will be introduced as part of this modernisation process.

At present, when you make a payment, you enter or provide a name, an account number and a sort code; however the name is not checked against the recipient's account name.

CoP will add this check, giving you greater confidence that you are sending your payment to the intended recipient. It is, in essence, an 'account name checking service'.

**How does it work?** When you create a payment to someone for the first time or amend an existing mandate, a check will be made on the name of the person or organisation you provide against the actual name held on the account.

There are three possible outcomes:

- "Yes", If you enter the correct account name, you will receive confirmation that the details match.
- "Close match, please check", If you entered a similar name to the account holder, you will be provided with the actual name, and will then be advised to either update the details, or contact the intended recipient to check/ confirm.
- "No, the name is wrong", If you have entered the wrong name, you will be advised that the details do not match and to contact the intended recipient for further clarification.

The service will help you avoid making accidental, misdirected payments to the wrong account holder, as well as supporting the fight against fraud and payment scams.

Most banks are expected to introduce the above service over the coming weeks, if that have not done so already, and this additional check will soon become a standard procedure when making payments.



"I wish I knew about the new CGT rules before I sold my rental property!"

## Other News

Our receptionist, **Tracey Bullen** will be taking part in the '**Glow Walk**' on Friday 6<sup>th</sup> March 2020; raising funds and awareness for people living with Dementia.

This is a new event organised by the Alzheimer's Society. Tracey will be shaking her glow sticks whilst embarking on a sponsored 4.5km walk, starting from Millennium Square in Bristol. Tracey has a sponsorship form in reception should you wish to make a donation to this very worthy cause.

## Copson Grandfield Seminar Save The Date - 26 March 2020!

We will be holding a client seminar on the **26 March 2020**.

This seminar will cover a summary of the latest Budget (to be announced on 11 March 2020), together with a recap of other major changes, such as; the new rules affecting Capital Gains Tax for Residential Property, IR35 & Off-Payroll working in the Private Sector, alongside The VAT Domestic Reverse Charge for Building & Construction Services.

The seminar will take place at **Cleve Rugby Club**, starting at **6.30pm**, finishing around **8.00pm**.

If you would like to book your space, please contact our Office Manager; Neil Townsend either via email: [neil.townsend@copsongrandfield.co.uk](mailto:neil.townsend@copsongrandfield.co.uk), or by telephoning our office: 0117 956 1067.

## Accountants are a Joke!

Why is money referred to as dough? **Because we all knead it.**

Why was the Accountant sent to rehab? **Solvency abuse.**

How does an Accountant stay out of debt? **He learns to act his wage.**

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