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.

## Brexit - What are the likely implications for UK business?

It is important to note that in the short to medium term, there will not be any changes to tax and employment laws as a result of the vote.

However, the new Secretary of State for Exiting the European Union, David Davis, has recently indicated that formal Brexit negotiations could begin by the start of 2017 - so what could this mean for UK businesses?

**VAT:** Once Britain's withdrawal is complete, VAT (which is operated in line with EU law) could be subject to some significant reforms. The UK currently faces restrictions from the EU over its ability to reduce VAT rates on certain goods and services such as domestic fuel and power.

If the UK is no longer obliged to comply with the EU VAT Directive, the UK Government could choose to amend the legislation to apply different rates to goods and services without constraint.

**Importing & Exporting:** The potential restrictions on the free movement of goods between the UK and its EU neighbours could also trigger significant changes to how businesses import and export.

Currently, when a UK firm buys goods from an EU business it makes an 'acquisition'. The transaction does not result in any VAT being payable - a book entry in a VAT return being the only consequence, unless the UK business makes exempt supplies. However, following Brexit, the transaction is likely to be treated as an 'import' and import VAT would be paid to HMRC at the time of importation.

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Although this would be reclaimed by the business on the next VAT return (unless the business makes exempt supplies), the changes could have implications for the firm's cash flow.

**Business reliefs:** Once Britain leaves the EU, the UK Government could have greater control over business reliefs such as R&D tax credits for SMEs, which currently have constraints placed upon them due to EU State Aid rules.

Britain may also gain more flexibility over the rules governing the Enterprise Investment Scheme and Venture Capital schemes.

**Employment laws:** With much employment legislation derived from Brussels, concerns have been raised over whether this is another area that could be open to reform.

While the UK Government could choose to amend working rights, many experts have suggested that significant reforms are unlikely.

**Other regulations:** In a recent blog on the Conservative Home website, David Davis suggested that he will seek to cut red tape with the aim of making 'Britain a better place to do business'.

He claimed the 'regulations already in place will stay for the moment,' but he added that the 'flood of unnecessary market and product regulations' will be halted. Fewer regulations to comply with could be good news for business owners.

**A new Chancellor, a new economic policy:** With a new Prime Minister and Chancellor at the helm, there could be significant changes to Britain's economic and fiscal policies in the months and years ahead.

The Government has already axed its plans to achieve a budget surplus by 2020, while the former Chancellor George Osborne suggested that corporation tax rates could be cut further to encourage investment. Of course, this may now change following the appointment of the new Chancellor, Philip Hammond, although we will have to wait until the Autumn Statement for further details on the Government's latest economic strategy.

The dust may be settling on the EU referendum result, but there is still much that remains unknown about the future of UK tax and employment law. What is clear, however, is that all eyes will be on the new Chancellor when he delivers his Autumn Statement later this year (23 November 2016). Whatever happens, we will be happy to advise you on any issues that may arise.

# Quick Tax Tip - Rent-a-Room

Got a spare room in your house?

**Rent-a-Room** relief is an optional scheme that lets you receive up to £7,500 in rent each year from a lodger in your own home, tax-free! This increased on 6 April 2016, from the previous limit of £4,250.

Note; this only applies if you rent out furnished accommodation to an individual in your own home.

# Employment unaffected by National Living Wage?

From April 2016, the **National Living Wage** (NLW) required employers to pay employees aged over 25 at least **£7.20** an hour. Employees aged between 21 and 24 continue to receive the **National Minimum Wage** of **£6.70** (**increasing to £6.95 from 1 October 2016**)

This lead to fears that those who qualify for the NLW would suffer, either through reduced hours, or lack of employment prospects, as they would become less desirable to potential employers.

However, research from the Resolution Foundation has revealed that employers have either chosen to raise prices or reduce profits rather than deciding to cut jobs in response to the introduction of the NLW.

The think tank's report on the issue is based on a survey of 500 businesses, carried out before the EU referendum.

36% of respondents have raised prices in response to the new wage, whilst 29% stated that they have reduced their profits in order to compensate for the NLW, the survey found.

However, the data also revealed that 14% of firms did decide to use less labour, either through reduced recruitment levels or by supplying employees with fewer hours.

Conor D'Arcy, Policy Analyst at the Resolution Foundation, commented: 'Encouragingly, evidence of workers seeing their hours cut or even losing their jobs has so far been relatively limited. The challenge now is for firms to continue to respond positively to the NLW, particularly by raising productivity.'

# Staff News

Welcome back to Laura Woods who has recently returned to us from Maternity Leave.

We also sadly say farewell to both Katie Griffiths & Rory Andres in our Accounts Department, who have both moved on to pastures new, we wish them all the best in their new endeavors.

# RTI penalty concession to continue, HMRC reveals

The recent concession for returns submitted late under the new Real Time Information (RTI) regime is to be extended until April 2017.

Under RTI legislation, employers are required to make a full payment submission (FPS) detailing payments made to employees, on or before the date of payment. Those who fail to make the submission on time are liable to automatic penalties.

However, to help employers adjust to the new rules, a ‘three day easement’ rule was introduced in 2015, meaning that FPS’s submitted up to three days after the statutory filing date are not liable to a penalty.

The concession was due to end in April 2016, however HMRC have now said this will be extended until at least 5 April 2017.

The tax authority has also confirmed that it will continue to take a ‘risk-based approach’ to RTI late filing penalties, so that only those employers who have consistently filed their FPS late would be subject to a penalty.

# ‘HMRC’ Emails & Text Messages

Just when we thought it was safe… It has been brought to our attention that a new wave of fake ‘HMRC’ emails have been doing the rounds...

Several of our clients have received emails and text messages advising that they are due refunds, even though we haven’t completed their Tax Returns yet!

These emails and texts typically imitate the HMRC font/ website style, and usually provide links to other sites that resemble the revenues online services.

Whilst these emails/ texts can look very convincing; please note that HMRC currently do not contact taxpayers via either method regarding repayments, and would never ask you to enter your bank details online in order to obtain a refund.

If you are in any doubt whether a message is genuine, or believe you have received a suspicious text/ email, please do not hesitate to contact us. Further information can also be found via the following link: [https://www.gov.uk/report-suspicious-emails-websites-phishing](https://www.gov.uk/report-suspicious-emails-websites-phishing)

# HMRC claws back £540m in unpaid tax

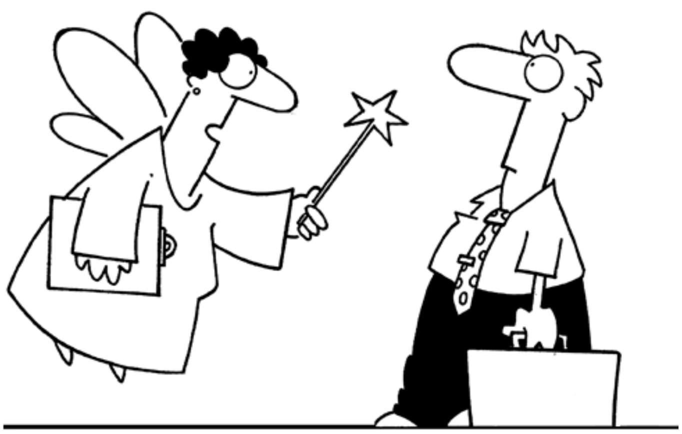
HMRC has reportedly recouped more than £540 million through its so-called tax taskforces, new figures have revealed.

Launched five years ago, the taskforces bring together a number of compliance and enforcement teams with the aim of targeting specific sectors that have been identified as being at risk of tax fraud.

In a statement, HMRC said its taskforces had raised almost £250 million alone during 2015/16 – up from £138.1 million the previous year.

Commenting, Jennie Granger, Director General for Enforcement and Compliance at HMRC, said: ‘The message is clear: if you try to cheat on your tax, we are going to catch you. A small number of people still think they can cheat the tax system; these figures prove we can track them down and take back what they owe.

‘We have increasing levels of intelligence, and use state-of-the-art digital tools to help us to identify and target high-risk areas’.



“After Income Tax, NIC, Corporation Tax & VAT, I’m afraid you only get 1/3rd of a wish”

# Other News – Midnight PLOD

A big ‘Thank You’ to all who donated to our recent fundraising endeavor. Team Copson Grandfield walked 40 miles in 16 ½ hours, starting at midnight Saturday night finishing Sunday afternoon at Cleeve Hill on 11th/12th June.

The team fought through typically British June weather; rain, mist and the occasional warm spell in order to raise funds for ‘Action’, which focuses on Medical Research for Children.

Our target was £3000.00; however, we ended up raising **£5077.12**, plus a further £656.25 went to the charity via the government's Gift Aid Scheme

Thanks again, your donations really did keep us going! Bradley, Steve & the Team.

# Seminar – October 20th 2016

On **Thursday 20th October 2016** we will be holding another one of our highly successful seminars entitled **The Markets post Brexit & Long Term Care**.

For more details please go to http://www.copsongrandfield.co.uk/news/events or give Lorraine Banks a call.

Whilst some will be more affected than others, we wish to stress how important it is for you to be aware of things to come; we therefore feel that you should all attend.

Call or email Lorraine Banks 0117 9560350 lorraine.banks@copsongrandfield.co.uk

# Redirected Mail

In order to reduce the cost and inconvenience for our clients collecting redirected mail; we aim to adopt a digital approach, which will enable you receive your post in a quicker, more efficient manner.

We plan to open and scan all letters (unless marked Private & Confidential) and email these document(s) to you, requesting a read receipt. We will also keep a copy saved in our client folder/ database. For larger items, such as; Magazines & Parcels, and for Official Documents (Court Papers, Cheque Books etc.), we will contact you to arrange for these items to either be redirected, or left for you to collect in person.

If for any reason you (the client) disagree with this approach, or would prefer alternative arrangements to be put in place, please contact our Office Manager, Lorraine Banks.

# Client Books & Records

We urgently require more storage space, and therefore need to return old books and records to our clients. If we have any of your old documents/ paperwork, please could you contact a member of our Admin Team so that we can arrange for these to be returned to you?

If you would like to personally collect your records, please can you contact us beforehand so that we can ensure that your paperwork is ready to collect.

# New Pension freedom hit by high exit fees

Individuals withdrawing money from their pension savings may lose up to 10% of their funds, a Citizens Advice survey has suggested.


The survey revealed that those using pension freedoms may have had their savings significantly reduced as a result of providers' charges.

The data suggested that individuals with smaller funds have been paying proportionately larger fees: those with pension pots of £20,000 or less have paid an average of £1,966 in charges.

Recently, the Financial Conduct Authority (FCA) proposed a 1% cap on exit fees for current pension schemes. The FCA had previously warned that an estimated 670,000 consumers already face high fees.

However, Citizens Advice has stated that this cap is too high and is instead proposing the introduction of a standard £50 charge to cover providers' administration costs.

Gillian Guy, chief executive of Citizens Advice, said: 'The Government and industry needs to work together to make it easier for consumers to compare drawdown products and choose the one which best meets their needs.

'The threat of excessive charges can also put people off making the right pension choices. A standard exit fee across will mean consumers can make the most of the pension freedoms.'

# Brexit is A Joke!

1. Why does Britain like tea so much? Because tea leaves.
2. What did Britain say to its trade partners? "See EU later."
3. An Englishman, a Scotsman and an Irishman walk into a bar. The Englishman wanted to go so they all had to leave.