haysmacintyre

eNews
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Welcome to haysmacintyre's regular
'e-news alert' for corporates and private individuals.

EXTENDING MTD FOR VAT

From April 2019, entities which were registered for VAT because their taxable turnover was above the mandatory VAT registration threshold, have had to submit their VAT returns under the Making Tax Digital (MTD) rules. These rules require the processing from entering either income or expenditure through to submission of the VAT return to be entirely automated using what is referred to as functional compatible software. The Government has now announced that from April 2022 all VAT registered businesses, including those registered on a voluntary basis, must submit returns in accordance with MTD. Please contact Phil Salmon for assistance.

TREASURY CONSULTS ON WIDENING FCA'S REMIT

The Treasury is consulting on plans for the Financial Conduct Authority (FCA) to regulate the promotion of certain cryptoassets and to strengthen its role in approving financial promotions by unauthorised firms. Currently the promotion of cryptoassets is unregulated and it is proposed that, to enhance consumer protection, the scope of the financial promotion regime will be extended to include certain cryptoassets. The Treasury is also consulting on establishing a regulatory gateway through which firms must pass before they are able to approve the financial promotions of unauthorised firms. The consultations close on 26 October 2020.

MTD TO BE WIDENED FOR INCOME TAX AND CORPORATION TAX

The Treasury has announced plans to make MTD mandatory for income tax for businesses and landlords with turnover in excess of £10,000 from 6 April 2023. It is hoped that the long lead-in time will allow businesses, landlords and agents to have sufficient time to plan. It is also expected that a consultation will be launched this Autumn on how MTD can be extended to include corporation tax, although no start date has been announced. Please contact Katharine Arthur for assistance.

FURLOUGH OVERCLAIMS AND THE JRS

HMRC has published guidance which allows employers to delete overclaims made under the Coronavirus Job Retention Scheme (CJRS) (plus other COVID-19 schemes), but only within 72 hours of the claim being submitted. Otherwise employers must notify HMRC of overclaims by the latest of: 90 days after the date the employer received the grant; 90 days after the date the employer received the grant to which they were not entitled to keep because of a change in circumstances; or by 20 October 2020. HMRC will raise assessments to recover the overclaimed grants and, where payment is made late, charge interest.

FURLOUGH PENALTIES AND THE CJRS

Where the employer does not notify HMRC of any overclaim under the CJRS, then penalties will also be due. HMRC may impose a penalty of up to 100% of the overclaim, in particular, where the employer fails to notify HMRC, although mitigation can apply where the employer did not know it had been overpaid. Company officers may be personally liable to pay the tax on their company's overpaid grants under the scheme.

TIME TO PAY ARRANGEMENTS AND THE CJRS

Many businesses entered into Time to Pay arrangements in respect of PAYE. However, HMRC expects employers to pay the PAYE and National Insurance due on the grants payments received under the CJRS on time. We are aware HMRC is contacting businesses seeking payment of any outstanding liabilities or to discuss new payment arrangements. Please contact Nick Bustin for further guidance in respect of the CJRS scheme.

LIFE INSURANCE POLICY GAINS

Gains realised on life insurance policies are subject to income tax at the individual's marginal tax rate. However, whilst the gains accrue over several years, the gain is taxed in one which might mean a higher tax rate on the gain; top slicing relief (TSR) is available to mitigate this impact. HMRC has confirmed that individuals, when calculating the amount of available TSR, will benefit from their personal allowance rather than it being abated if the gain takes their total income over £100,000. For significant gains, the tax saving/refund available may be material. Please contact Katharine Arthur for assistance.

HMRC FAILS TO COLLECT THE RENT

Figures recently released indicate that HMRC's campaign to collect undeclared tax from landlords and property owners failed to meet its expected target. Launched in 2013, the Let Property Campaign encouraged those who had failed to declare rental income to come clean and pay the outstanding tax in exchange for limited penalties. HMRC originally believed that 1.5million individuals had outstanding debts amounting to c£500m. However, figures now show that these were optimistic, as only 59,000 people made disclosures, bringing in £163m. Please contact Mark Pattenden if you need any advice on making a disclosure.

AND FINALLY....ONLINE SHOPPING COSTS TO RISE?

The COVID-19 pandemic resulted in a huge surge in popularity for online shopping with people stuck at home during lockdown. The Digital Services Tax was introduced in April 2020 and charges 2% on revenue derived from online marketplaces and search engines. In response, Amazon has announced that it will increase the fee it charges to UK retailers for selling on its website by 2% from 1 September 2020. It remains to be seen if retailers decide to pass these costs on to their customers.

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