Autumn Statement 2015

Well, plenty in the autumn statement regarding spending and benefits, much less around tax, although there is much repetition around the Budgets announcements. Refer back to our budget report for some of the more radical stuff.

The big news of course is the U turn on the tax credit cuts, which I'm sure is welcome news for many.

In a wave of alliteration, the tampon tax set the tone on twitter. However the only expected big-ticket tax item was a tightening of the noose around contractor – or 'personal service' companies. One option was that anyone working through a PSC (by the way, there is no such organisation type in statute) would need to be moved onto the payroll of the end client if working for longer than a month. So did he or didn't he? Here goes…

Personal Service Companies

Well, not a dicky-bird about change of employment status, but that doesn't mean it's gone away. Watch this space. In the meantime, buried on page 122 of a thankfully short 154 page document, is confirmation that travel and subsistence claims against tax will be restricted from next April. We don't yet know the detail as the results of the consultation have yet to be published, but should know more in the coming weeks.

Digital Tax Accounts

The move to remove tax returns stays, with a plan for all businesses and individuals to have access to their own digital tax accounts by 2016/17 – that's just next tax year. Ambitious, but let's hope they hit this target date.
Bear in mind that HMRC need their information from somewhere! The expectation is that by 2020 all businesses, self-employed people and landlords will need to submit a quarterly return to their online tax account. This will not apply to employed people or pensioners – RTI does this. This may also trigger a change to the timing and frequency of tax payments. Expect to pay sooner.
What has not been stated is how HMRC are updated with information such as dividend receipts. We'd find it unsurprising if an online submission – along the lines of RTI – were to be necessary for every dividend payment from a UK company.

R&D Tax Credits

It's been confirmed that an advance assurance process – similar to that of EIS/SEIS applications – will be launched from 30th November. This should be of great help in situations where there is potential for doubt.

Business Rates

The small business relief scheme is extended for a further year, possibly to give them time to think a little more radically about business rates in general, and also to assess the planned devolution of taxation powers to local authorities, for example with the 2% precept for adult social care.

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Business Support
The budget for BIS has been cut by 17%. We've very recently seen some of the consequences of this, with a cut in the level of funding, and in the manner in which funding is granted, under the GrowthAccelerator scheme.

Employers
A new apprentice levy of 0.5 per cent levy will be introduced for employers from April 2017. The levy will raise £3billion a year to fund three million apprenticeships – but it'll only cost you if your annual paybill hits £3m.
It's confirmed that the 2 day 'relaxation' of RTI reporting rules will end as planned in April 2016. From that point on, if it's late, it's late, and the penalty will be applied.

Pensions saving
A consultation is in progress to assess the success of current pension saving 'incentives'. Expect some movement here in the next full Budget.
For employers thinking about auto-enrolment liabilities, it's confirmed that the staged increases in contributions are delayed by six months (i.e. these will change in the April to line up with the tax year, not in October).

Stamp Duty on buy to let homes
There will be a 3% surcharge on stamp duty for buy to let and second homes, starting 1st April 2016. This will not apply to caravans, mobile homes or houseboats.

Capital gains tax on residential property
Currently if a buy to let is sold, the gain is reported on that years tax return and the tax due to be paid by January of the following year. Legislation will be introduced to bring this due date forward to 30 days after completion – i.e. when the taxpayer still has the cash! This will be introduced in April 2019. We understand the motivation here, but it makes it more important than ever for you to keep your accountant up to date with planned sales so we can properly schedule in the work to calculate the gain and appropriate tax.

Cyber security
A £165 million Defence and Cyber Innovation Fund is to be established.

Tax Avoidance
A new 60% penalty is to be introduced for all cases successfully tackled under the GAAR (General Anti-abuse rule). One or two other specialist areas will also be tightened up. Civil penalties for offshore evasion will increase, and in the most serious criminal cases the need to prove intent will be removed.

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