

SCS

Accounting Solutions

Spring 2016

Newsletter

Exciting New Venture for Director

Glaven Valley Accountancy Limited will be opening its doors on 25th April in Holt.

This new practice is the joint venture of two local business owners and friends, both of whom run their own accountancy firms close to East Dereham. Sue Sheldrake and Jane Long both have many years of experience in all aspects of accounting, within both the industry and private practice sectors, before making the move to start their own companies.

Sue began her career in Natwest Bank, where she worked for 12 years before taking a break to have her daughter. Whilst her daughter was young she began studying in accountancy, during this time she began providing book-keeping & admin support for a group of small local businesses, she gained a wealth of experience in accountancy and software packages. She then returned to full time work as Accounts Manager for a local drainage firm. With the news the company would be sold in 2001, and with an ever growing contact list, she decided to take the plunge and found her own business, SCS Accounting Solutions.

Jane was the practice manager for Berry & Co for some 35 years, before their take-over in 2014, where she then started her practice last year.

Situated in Lees Yard, on the site of a former Red Dot Art Gallery, the new practice offers the businesses of Holt and surrounding North Norfolk area a quality and personal service. Both Sue & Jane are highly recommended by their clients, they pride themselves on their friendly and personal approach, while still providing clients with an exceptional service at competitive prices. Their proactive approach also ensures all clients are aware of deadlines and dates, with all work completed at a fixed cost - so no unexpected accountancy bills at the end of the year!

To minimize disruption to our SCS clients, we have taken on three new members of staff - two part-time based at our current office and one full time member who will be based at the new office in Holt.

Join us for our opening day on Monday 25th April, where the staff will be on hand throughout the day to have a chat about your business needs or feel free to just come along for coffee and cake.

If you know of anyone within the North Norfolk area who would be in need of our services, please feel free to let them know about our Open Day. Our referral scheme applies to any of our clients who recommend us to new clients that sign up with either SCS or Glaven Valley. Appointments can be made for a later date for a private meeting, call Sue on 01362 691275 to arrange a meeting.



IN THIS ISSUE:

Budget 2016

April Tax Changes

Late Filing Excuses

New Recruit

We are Growing

Dividend Changes

Married Couples Allowance

National Living Wage



*Based on a press-release featured in EDP 30th March



- Book-Keeping & Accounts • Company Formation & Business Start-Up • VAT Returns
- Self-Assessment & Corporation Tax Returns • Final Accounts for Limited Company, Sole Trader & Partnerships
- Payroll including Monthly RTI & CIS Returns

New Financial Year Tax Changes

The tax you pay on savings income will be all but scrapped in April when savers will be allowed to earn £1,000 of interest tax free. The personal savings allowance comes into force with the new tax year, on 6th April, which also heralds a new £5,000 allowance for dividend income, and new bands for income tax and National Insurance.

Personal Savings Allowance

The new personal savings allowance means that if you're in the 20% band for income tax, you'll pay no tax on the first £1,000 of interest you get from savings. Currently, 20% tax is deducted by the bank or building society before you get your interest, but the changes will scrap this deduction of tax at source.

If you earn more than £1,000 in interest, you'll have to pay tax through self-assessment (if you already fill in a tax return) or through an adjustment in your 'pay as you earn' tax code. If you're a 40% taxpayer, you're allowed to earn £500 of interest tax-free rather than £1,000.

The new allowance is separate from the Isa limit, so you will be able to get up to £1,000 of interest tax-free from standard accounts, in addition to any tax-free interest you receive from a cash Isa.

ISA Allowance

Following an increase to £15,240 in the Isa allowance during 2015, 2016-17 ISA limits remain frozen for the year. The following are the amounts you can save in these products tax-free:

Individual savings account (ISA) limit- £15,240

Junior ISA limit- £4,080

Child trust fund limit- £4,080

Personal Allowance

The tax-free personal allowance is due to rise from £10,600 for 2015-16 to £11,000 for 2016-17.

The personal allowance is the amount of income you're allowed to earn before you have pay income tax at all. The allowance diminishes when your income exceeds £100,000; in 2016-17 there's no personal allowance once your income exceeds £122,000.

Age-related allowance, which previously increased the tax-free allowance of low-earning pensioners, ends in 2016-17. From April 2016 there will be no extra allowance for taxpayers aged over state pension age.

Marriage Allowance

From 6th April, married couples and civil partners will be able to transfer £1,100 of personal allowance (increased from £1,060 in 2015-16) from the lower-earning partner to the higher earner, saving them up to £220 tax. As for 2015-16, you can use this only if the higher earner is a 20% taxpayer - you're not allowed to use it if they are a 40% taxpayer

Dividend Allowance

Another change sees the first £5,000 you receive in dividends from

investments becoming tax free. Above £5,000, basic-rate taxpayers will pay 7.5% tax on dividends, higher-rate taxpayers 32.5%, and additional rate taxpayers 38.1%.

New Income Tax Thresholds

Tax rates remain unchanged, with basic rate tax at 20%, higher rate tax at 40% and additional rate tax at 45%.

Basic rate (20%) tax applies to income after personal allowance and below £32,000 (currently £31,785)

Higher rate (40%) tax applies to income between £32,001 and £150,000 (currently £31,786 and £150,000)

Additional rate (45%) tax applies to income over £150,000 (unchanged from 2015-16).

New National Insurance Thresholds

Normal National Insurance rates remain unchanged, but from 6th April 2016, 'contracting out' will end and employees who previously qualified for a reduced rate will see this rise.

Class 1 National Insurance (employees) is payable on income between £8,060 and £43,000 at 12%. Above £43,000 the reduced rate of 2% applies.

Class 2 National Insurance (self-employed) is payable on income above £5,965 at £2.80 per week

Class 4 National Insurance (self-employed) is payable on income between £8,060 and £43,000 at 9%. Above £43,000 the reduced rate of 2% applies.

Capital Gains Tax

Rates for capital gains tax - which you pay on substantial profits from the sale of assets and possessions - will drop to 10% for basic rate taxpayers and 20% for higher rate taxpayers in 2016-17. However, on residential property the rate will remain unchanged at 18% for basic rate taxpayers and 28% for higher rate taxpayers. The capital gains tax allowance remains unchanged at £11,100 - this is the gain you can make before this tax is payable.

Inheritance Tax

Inheritance tax rules remain unchanged in 2016-17, with the tax-free amount frozen at £325,000 and the tax above that level set at 40%. The extra allowance available if you're passing the family home to your children doesn't start until April 2017.

Stamp Duty

Landlords and second-home owners will have to pay an extra 3% in stamp duty for second properties bought after 1st April 2016, which was announced in the 2015 Budget. This is on top of the normal rate (0% on the first £125,000, 2% for £125,001 to 250,500, 5% for £250,001 to £925,000, 10% for £925,001 to £1.5m and 12% above £1.5m). The 3% supplement is charged on the entire value of the second property.

New Recruit at SCS

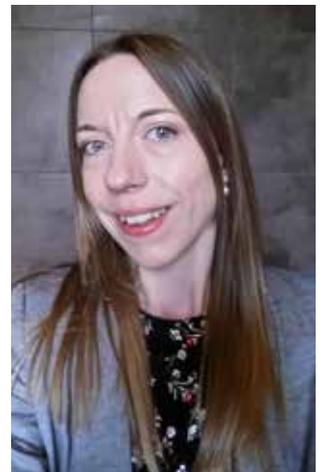
After joining SCS part time, Carolyn has now decided to become a full time member of the team to assist with our growing client base.

As many of you are aware, Sue's Daughter Carolyn has been involved with SCS for many years, dealing with marketing, design and administration. After going part time as a Graphic Designer at Archant Ltd, she has decided to take the plunge in the family business in order to help SCS with their increasing workload and provide a wider range of services for our clients. She will be working in both the SCS and the new Glaven Valley offices, depending on the needs of the business.

While predominately working on administration and general accounting for SCS, Carolyn will also offer our clients her design skills through our sister company, Bloom Design & Print, which she set-up upon leaving University. Take a look at the advert in this newsletter, which gives an idea on the range of services that can be provided for your business.

Carolyn will be joining the team at the start of May and we hope you will join with us in welcoming her to this role.

Contact: carolyn@scsaccountingsolutions.co.uk



BUDGET



2016



The Key Points from the Summer Budget 2016

The key announcements from George Osborne's latest budget speech:

Health and Education

- A new sugar tax on the soft drinks industry to be introduced in two years' time, raising £520m a year to be spent on doubling funding for primary school sport in England
- Levy to be calculated on levels of sugar in sweetened drinks produced and imported, based on two bands
- Pure fruit juice and milk-based drinks to be excluded and small suppliers will be exempt
- Secondary schools in England to bid for £285m in new funding for extra after-school activities like sport and art
- Plan for all schools to become academies by 2020 or have official plans to do so by 2022
- Compulsory maths lessons until 18 to be looked at
- £500m to ensure "fair funding" formula for schools in England
- Libor funds to be spent on children's hospital services, specifically in Manchester, Sheffield, Birmingham and Southampton

The Economy

- Building site in central London
- Growth forecasts revised down markedly for next five years
- Growth forecast to be 2% in 2016, down from 2.4% in November's Autumn Statement
- GDP predicted to grow 2.2% and 2.1% in 2017 and 2018, down from 2.4% and 2.5% forecast four months ago
- Outlook for global economy is "materially weaker" and UK "not immune"

to slowdown elsewhere

The UK still forecast to grow faster than any other major Western economy

A million jobs forecast to be created by 2020

Inflation forecast to be 0.7% for 2016, rising to 1.6% next year

Public Borrowing/Deficit/Spending

Further cuts of £3.5bn by 2020, with spending as a share of GDP set to fall to 36.9%

Debt targets to be missed. Forecast debt as a share of GDP revised up in each of the next five years to 82.6% in 2016-17 and 81.3%, 79.9%, 77.2% and 74.7% in subsequent years

Debt to be £9bn lower in 2015-16 in cash terms

Annual borrowing in 2015-6 forecast to be £72.2bn, £1.3bn lower than forecast in November

Public finances still projected to achieve a £10.4bn surplus in 2019-2020

But borrowing forecasts revised up to £55.5bn (+£5.6bn), £38.8bn (+£14bn) and £21.4bn (+£16.8bn) in 2016-7, 2017-8 and 2018-9 respectively

The deficit as a share of GDP is projected to fall to 2.9% in 2016-17, 1.9% in 2017-18 and 1% in 2018-19

Budget Facts

Iain Duncan Smith,
Work and Pensions Secretary,
resigned 2 days later
after disagreeing with
announced cuts to the
welfare budget

Personal Taxation

The threshold at which people pay 40% income tax will rise from £42,385 now to £45,000 in April 2017 (£43,000 from April 2016). Will only apply to Scotland if adopted by Scottish government
Tax-free personal allowance, the point at which people pay income tax, to rise from £11,000 in April 2016 to £11,500 in April 2017. A

reiterated target to reach £12,500 by 2020
Capital Gains Tax to be cut from 28% to 20%, and from 18% to 10% for basic-rate taxpayers
Insurance premium tax to rise from 9.5% to 10%
Class 2 National Insurance contributions abolished, which the government says gives a tax cut of more than £130 to three million self-employed workers from 2018

Budget Facts

The 'sugar tax' was the centrepiece of the budget, masking welfare cuts and slower than proposed UK economic growth

Anti-tax avoidance and evasion measures to raise £12bn by 2020

Use of "personal service companies" by public sector employees to reduce tax liabilities to end
Crackdown on foreign firms selling products online in UK without paying VAT

Commercial stamp duty 0% rate on purchases up to £150,000, 2% on next £100,000 and 5% top rate above £250,000. New 2% rate for high-value leases with net present value above £5m. Effective from midnight 16th March 2016

Alcohol, Tobacco, Gambling and Fuel

Fuel duty to be frozen at 57.95p per litre for sixth year in a row
Beer, cider and spirits duties to be frozen
Inflation rise in duties on wine and other alcohol
Excise duties on tobacco to rise by 2% above inflation

Pensions and savings

Annual ISA limit to rise from £15,240 to £20,000 from April 2016
New "lifetime" ISA for the under-40s, with government putting in £1 for every £4 saved. People who save a maximum of £4,000 towards a home deposit or retirement will get a £1,000 top-up from the state every year until they turn 50
New state-backed savings scheme for low-paid workers, worth up to £1,200 over four years
The Money Advice Service, which has provided financial advice to consumers since 2010, is to be abolished

Business

Corporation tax, currently 20%, to fall to 17% by 2020
Annual threshold for 100% relief on business rates for small firms to rise from £6,000 to £12,000 and the higher rate from £18,000 to £51,000, exempting 600,000 firms from April 2017
Supplementary charge for oil and gas producers to be halved from 20% to 10%
Debt interest payments used by larger firms to cut corporation tax bills will be capped at 30% of earnings
Petroleum revenue tax to be "effectively abolished"

Housing/Infrastructure/Transport/Regions/ Energy/Culture

Powers over criminal justice to be devolved to Greater Manchester and Greater London Assembly to retain business rates
New rail lines to get green light, including Crossrail 2 in London and the HS3 link between Manchester and Leeds
More than £230m earmarked for road improvements in the north of England, including upgrades to M62
£700m for flood defences schemes, including projects in York, Leeds, Calder Valley, Carlisle and across Cumbria. 0.5% increase in the insurance premium tax to 10%
Tolls on Severn River crossings between England and Wales to be halved by 2018
£115m to tackle rough sleeping and homelessness, funding 2,000 places
In Scotland, Libor bank fines to pay for community facilities in Helensburgh and for naval personnel at Faslane
New elected mayors for cities and towns in southern England
New tax relief for museums to boost temporary and touring exhibitions
New Shakespeare for the North theatre in Knowsley, Merseyside

Environment

An increase in the climate change levy from 2019
An end to the carbon reduction commitment energy efficiency scheme
£730m to back renewables

HMRC reveal top excuses for late self assessment filing

HMRC have revealed that 10.39 million Self Assessment tax returns were completed ahead of the 31st January deadline, which is more than 92% of the total returns expected, and 150,000 more than last year.

More than 89% of taxpayers (9.24 million) filed their return electronically. An automatic £100 penalty applies to those failing to file their return by 31st January 2016 midnight deadline.

HMRC have also revealed the top 10 worst tax return excuses for 2014. They include: 'I had an argument with my wife and went to Italy for 5 years'

More can be found at: www.gov.uk/government/news/hmrc-reveals-top-10-worst-tax-return-excuses-for-201314

Ruth Owen, HMRC Director General of Personal Tax, said: 'We understand that life can be unpredictable and for those customers who have a genuine excuse for missing the 31st January deadline, such as the flooding, help is on hand. My advice would be to contact us through our helplines or online, as soon as possible. But for those who are trying to play the system, while the rest of us do the right thing, the message is clear: submit your tax return online by 31st January or face a fine. We're here to help people in genuine distress, but not to act as a free lender to people who can't meet their responsibilities to pay their tax.'

The deadline for sending 2014/15 tax returns to HMRC, and paying any tax owed, was 31st January 2016.

If you need help getting your tax affairs up to date please contact us.

Year End Accounts

For those clients with a year end of 31st March or 5th April, will need to get their accounts in to us as soon as you are able. We will need to submit your Year End Return to HMRC as soon as possible to allow us to deal with any issues and also to avoid a last minute rush before the last deadline.

To arrange an appointment to drop these to use, please call or email us.



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Dividend tax changes

The current system of dividend tax credits will see a complete overhaul from April 2016, replaced by new rates of dividend tax, together with a single £5,000 'allowance'.

At the moment, all net dividends are grossed up by 100/90 before they are taxed. A nominal 10% tax credit is applied to compensate for the fact that company profits have already been subjected to corporate tax (at 20%). There are three dividend tax rates for the current tax year - 10% (basic rate), 32.5% (higher rate) and 37.5% (additional rate). After you've taken the tax credit into account, the effective tax rate is 0%, 25%, and 30.56% for the respective tax bands.

The new dividend tax rules for 2016/17 will see the current way of calculating dividends scrapped. A new £5,000 tax-free dividend allowance will be introduced, which is in addition to the £11,000 personal allowance for 2016/17. The new tax rates will be 7.5% (basic rate), 32.5% (higher rate), and 38.1% (additional rate).

The new rules aim to counteract the 'tax planning' opportunities available to limited company owners, who typically pay themselves small salaries, and tax the bulk of their incomes in the form of dividends, with no National Insurance liabilities. In 2016/17, you can earn £11,000 (personal allowance), plus an additional £32,000 (basic rate band), before hitting the higher rate threshold at the £43,000 mark.

If you need any further information on these changes or to see how they may affect you and your business, please contact us.

National Living Wage

The National Living Wage (NLW) came into effect on 1st April 2016.

It is likely to be popular with 1.3m workers over 25 who will benefit immediately, but several big employers have said it will hit their profits badly. The Office for Budget Responsibility (OBR) has also warned that 60,000 jobs will be lost as a direct result.

Not to be confused with either the National Minimum Wage - or the Living Wage - the NLW should boost the incomes of many of the UK's most poorly-paid employees.

It will be paid to workers aged 25 and above. Initially, it will be set at £7.20 an hour, with a target of it reaching more than £9 an hour by 2020. Part-time and full-time workers will get it.

The minimum wage will remain in place, and the compulsory living wage will be a top-up for workers aged 25 and over.

National Minimum Wage rates 2015/16: Over 25 (NLW) = £7.20 an hour, 21-25 = £6.70, 18-20 = £5.30, 16-17 = £3.87 and Apprentices = £3.30

From 1st April, penalties for non-payment of the NLW will be doubled, from 100% of the money owed, to 200%. Employers found guilty can be disqualified as a company director for up to 15 years.

If SCS process your payroll, we will be applying this change automatically for RTI submissions - **it will remain your responsibility to pay your eligible staff the National Living Wage from 1st April.**

For more information or if you have already paid your staff the old amount (W/E 8th April), please do get in touch and we will be able to help.

Tax break for married couples

The new Marriage Allowance lets you transfer £1,060 of your Personal Allowance to your husband, wife or civil partner. This can reduce their tax by up to £212 every tax year.

To benefit as a couple, you need to earn less than your partner and have an income of £10,600 or less. You can't transfer more or less than £1,060.

You can get Marriage Allowance if your partner's income is between £10,601 and £42,385.

If you or your partner were born before 6 April 1935, you might benefit more as a couple by applying for Married Couple's Allowance instead.

If you or your partner live abroad, you can get Marriage Allowance as long as you get a Personal Allowance.

If your application is successful, changes to your Personal Allowances will be backdated to the start of the tax year (6th April).

HM Revenue and Customs (HMRC) will give your partner their extra allowance either: by changing their tax code, usually to 1166M - this can take up to 2 months when they send their Self Assessment tax return, if they're self-employed. Your tax code will also change if you're employed or get a pension. Your new code will reflect your new Personal Allowance and will end with 'N'.

Your Personal Allowance will transfer automatically to your partner every year until one of you cancels Marriage Allowance or your circumstances change, eg because of divorce or death.

You can apply online at www.gov.uk/marriage-allowance

Before applying please get in touch with us so we can discuss your best options or check you or your spouse are eligible.



KEY TAX DATES	REPEAT DATES	Student Loan & CIS contributions.	tax refund for the 2011/12 tax year. Deadline for claiming tax overpaid for the 2011/12 tax year under Self Assessment.
	3 Annual Corporation tax due for companies with year end 9 months & a day previous.	30/31 Submit CT600 for year end 12 months previous. Last day to amend CT600 for year end 24 months previous.	6 Start of new tax year 2016/17. New tax and allowance rates introduced (see article)
	3 Quarterly submission of P46 (car) for employees whose car and/or fuel benefit has changed in previous quarter.	MARCH 2016	
	7 Quarterly VAT returns and payments due.	16 Spring Budget	
	19 Submit CIS contractor's monthly returns.	APRIL 2016	
22 Pay PAYE/Class 1 NICs,	1 New National Living Wage comes in to force (see article)	MAY 2016	31 Copies of 2015/16 P60 documents issued to employees
	5 Last day of tax year 2015/16. Deadline for claiming your PAYE		



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