



WELCOME

A warm welcome to the second in the series of our new newsletter to keep you up-to-date with a round-up of all the essential tax news and important deadlines.

RUSHTONS NEWSLETTER

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DEADLINE FOR TOPPING UP NI CONTRIBUTIONS EXTENDED AGAIN

TO 5 APRIL 2025

At least 10 qualifying years are required to get a UK State Pension, with full State Pension entitlement at 35 qualifying years.

Normally it is only possible to make voluntary NI contributions for the past 6 years, to top up any missing or partial years.

An extended deadline of **5 April 2025** has been announced to allow taxpayers to make NI contribution in respect of missing years going back to April 2006.

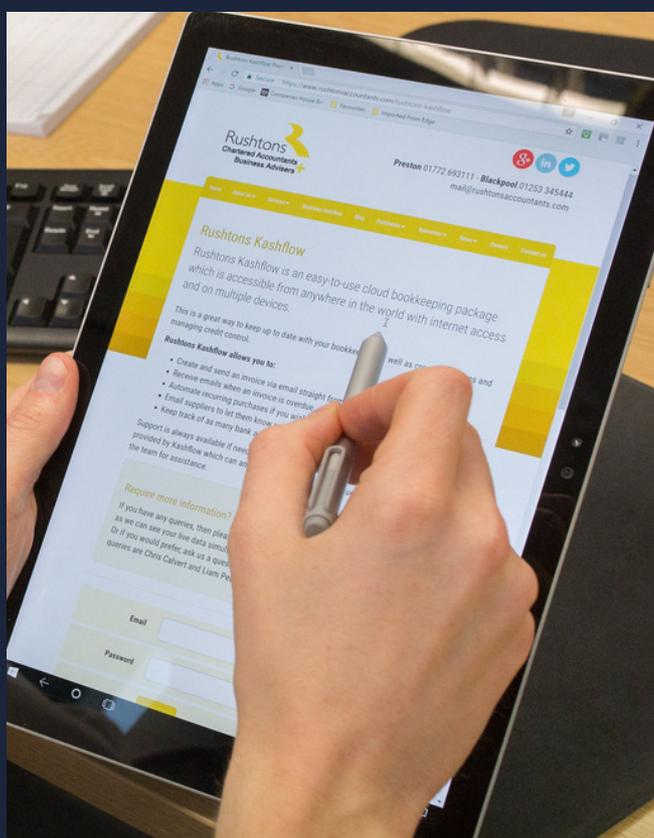


INHERITANCE TAX

There are rumours circulating of the possible abolition of inheritance tax (IHT). Under the current IHT rules there are a number of generous reliefs and exemptions that would apply.

THE CURRENT RULES ALLOW TAX PLANNING TO BE UNDERTAKEN WITH AN ELEMENT OF CERTAINTY.

Please talk to us if you would like to discuss inheritance tax planning.



R&D CLAIMS

FROM 1 AUGUST 2023

The latest Finance Act includes two changes that will effect all Research & Development (R&D) claims:

(1) a requirement to provide additional information before an R&D claim is made; and

(2) a requirement for certain companies to make a claim notification within six months after the end of the accounting period, for which they want to claim R&D relief.

From the **8 August 2023 onwards** when a limited company wants to make a R&D claim, detailed information to HMRC will need to be provided in advance. In particular, the scientific or technical uncertainty the work was seeking to overcome, along with details of the work done to resolve this.

There is also a new R&D claim notification form, which must be submitted within the 'claim notification period' (which ends six months after the end of the accounting period for which the company wants to claim R&D relief.



THIS IS AN AREA WHERE SPECIALIST ADVICE IS REQUIRED.

BASE RATE INCREASES

HMRC interest rates are linked to the Bank of England base rate. Late payment interest is set at base rate plus 25%. Repayment interest is set at base rate minus 1%, with a lower limit - or 'minimum floor' - of 0.5%.

The latest increased the Bank of England base rate from 4.5% to 5% which means interest on late paid tax will increase to 7.5% for most taxes and the rate of repayment interest will increase to 4% if you overpay.

For those companies required to pay their corporation tax by quarterly instalment payments, the rate increased to 6% from 3 July 2023.



SUPER-DEDUCTION NOW "FULL EXPENSING"

In the Spring Budget the Chancellor announced "full expensing" - 100% relief for new, eligible plant and machinery - would replace the 130% super-deduction from 1 April 2023 for limited companies.



This is in addition to the £1 million **annual investment allowance (AIA)** and will be available for expenditure incurred up to 31 March 2023.



VAT FLAT RATE SCHEME

Introduced to simplify VAT reporting for small traders, reducing the time to calculate VAT and prepare returns compared to normal VAT accounting.

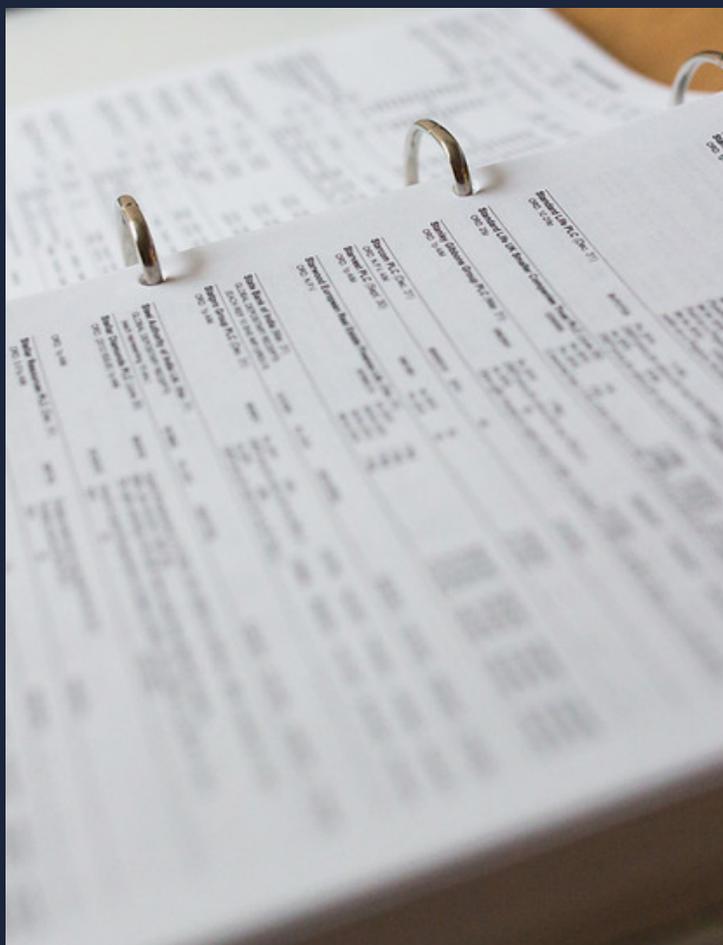
The thresholds for using (£150,000 pa) and exiting the scheme (£230,000 pa) have not changed.

WHAT IS A "LIMITED COST TRADER"?

A business is classed as this and should use the 16.5% flat rate percentage, if the cost of goods* purchased is less than either:

- 2% of turnover, or
- £1,000 a year (if cost of goods are more than 2%)

* Exclusions apply.



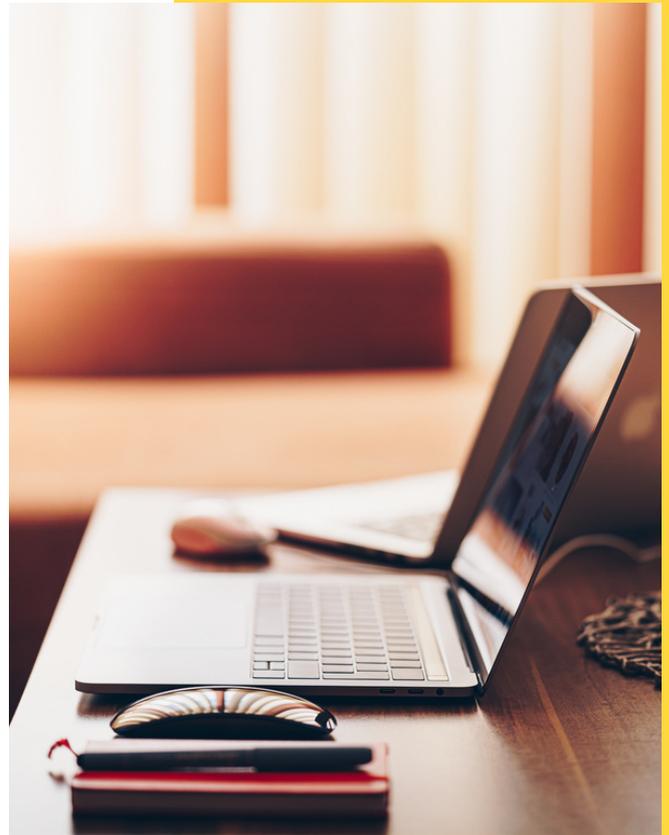
HOME WORKING

Can we still be paid £6 a week for working from home?

During the COVID pandemic the government relaxed the conditions to enable those working from home (WFH) to be paid £6 a week tax free by their employer, or, where that was not paid by the employer, they could claim relief for £6 a week against their employment income for a tax refund from HMRC.

Those relaxed rules applied for 2020/21 and 2021/22. Many employers and employees may not be aware from **6 April 2022** the rules reverted to the strict statutory position.

- Employees can claim tax relief if they have to WFH under a homeworking agreement, for example because: the office is closed every Friday and employees are required to work from home that day. **Tax relief cannot be claimed if the employee chooses to WFH.**



TAX-FREE CHILDCARE ACCOUNTS

To pay for approved childcare for children aged 11 or under, Tax-Free Childcare accounts can be used.

Opening an account is quick and easy and can be done at any time of the year. **For every £8 paid into an online account they will receive up to £500 every 3 months (£2,000 a year for each child).**

Money can be deposited at any time to be used straight away, or whenever it is needed. Unused money in the account can be withdrawn at any time.

*Eligibility rules do apply.

AUGUST/SEPTEMBER 2023 DEADLINES

Date	What's Due
19/08	PAYE and NIC deductions, and CIS return and tax, for month to 05/08/2023 (due 22/08/2023 if you pay electronically).
01/09	Corporation tax payment for year to 30/11/2022 (unless quarterly installments apply).
19/09	PAYE and NIC deductions, and CIS return and tax, for month to 05/09/2023 (due 22/09/2023 if you pay electronically).

TAX AVOIDANCE SCHEMES

HMRC frequently warn taxpayers when a tax avoidance scheme looks **"too good to be true"**, it probably is. They publish "Spotlights" on their website to alert taxpayers of schemes being marketed by promoters that are under scrutiny, and, in their opinion, do not work.

Tax avoidance schemes need to be notified to HMRC under the Disclosure of Tax Avoidance Schemes (DOTAS) rules, normally by the scheme promoter. HMRC then issue a DOTAS scheme reference number (SRN). This does not mean the scheme is HMRC approved, although some promoters claim this in their marketing. **If taxpayers have used the scheme and received the SRN from a promoter, or supplier, they must tell HMRC they have used the scheme.**



Rushtons



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