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WATSON

60 Years in Business

...and what a celebration

In June 2017 we celebrated 60 years in business and at the same time rolled out our new corporate rebrand!

Needless to say, we are very pleased with our new look and have had such amazing feedback from everyone.

History to Present Day

Watson Associates was founded by David Watson in 1957 (then known as Holmes, Worley & Watson) and serviced primarily the small farming community of Hailsham.

The company has grown substantially over the years and now consists of 9 Directors and over 60 specialists.

The company now has a client base of over 2,500 and services both personal and large corporate entities. We provide a tailored and dedicated service to the larger SME sector as well as small companies and individuals.

The Anniversary

We celebrated our 60th year at East Sussex National and shared the day with 1,000 of our clients and professional contacts. The event was a massive success and it was great to have those that were able to make it there with us on the day.

The Rebrand

After 15 years of our 'old' logo we decided the time was right to shake things up a little and bring our corporate identity into the here and now. Naturally the company turning 60 really did lend itself to the perfect time to roll the rebrand out.

Working with a team of independent designers from Brighton, over the course of many months we worked closely together to identify just what we wanted to achieve from the rebrand - resulting in a brand that would convey our values, enthusiasm and professionalism.

Watson Associates would like to thank all of our clients and contacts for your continued loyalty and support. We look forward to another 60 years helping businesses in Sussex.

We think it looks great - what do you think?!

Twitter:

@Watsonsuk

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OUR SERVICES

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Hailsham | Brighton
Head office: 30-34 North Street, Hailsham, East Sussex, BN27 1DW
01323 842 119 | mail@watsons.co.uk | watsons.co.uk

watson associates

Making Tax Digital

VAT First

The objective of the Making Tax Digital (MTD) project is to get businesses to record their accounting transactions digitally through accounting software and to use that software to report summary totals to HMRC each quarter. As VAT registered businesses already submit VAT Returns online, normally quarterly, the Government has decided that MTD reporting should start with VAT.

For periods beginning on or after 1 April 2019, VAT registered businesses with turnover at or above the VAT registration threshold (£85,000) will be required to use accounting software to submit the figures reported on each VAT Return to HMRC. This will mean a change in practice for most businesses as 88% currently take figures from their spreadsheets or accounting system and type the amounts manually into HMRC's web based online VAT form.

Under MTD the VAT figures must flow directly from the accounting software, although it may be possible to have software that reads data from a spreadsheet.

Businesses who have voluntarily registered for VAT, as their turnover is under the VAT threshold, will not be required to enter the MTD reporting regime in April 2019. The MTD reporting will also be optional for those who are registered for VAT in the UK as non resident traders and who have turnover under the VAT threshold.

There may be particular issues to overcome for VAT groups who need to combine data from several companies to submit on one VAT Return and for businesses who need to adjust their accounting figures to accommodate VAT rules such as for partial exemption, capital goods and margin schemes.

Let's talk about how we can work together to crack this MTD nut. It will be a case of using the software that best suits your business circumstances.

Changes for companies

The bad news and the good

Bad News

When an asset is sold for a profit, part of its increased value since acquisition is due to the general rate of inflation. Since 1 April 1982 companies have been able to exclude the inflationary element from taxable gains by deducting the indexation allowance. This reduces a chargeable gain by the effect of inflation as measured by the Retail Price Index (RPI) over the period of ownership.

The allowance will be frozen from January 2018, so gains on disposals will be reduced by the effect of the increase in the RPI from the month the asset was acquired to December 2017.

Landlords who hold their properties within a company benefit from the indexation allowance but individual landlords who hold their properties in their own names cannot deduct the indexation allowance on sale.

Good News

The rate of Corporation Tax has been fixed until 1 April 2020 at 19%; it will then drop to 17%.

Additional tax relief is being given for spending on R&D projects from 1 January 2018 as the R&D expenditure credit (RDEC) will increase from 11% to 12%. This will generally benefit large companies but smaller companies which undertake R&D work subcontracted out by larger concerns will also benefit from this change.

Diesel Bad, Electric Goodish

How will you be affected

The benefit of having a company car is taxed as a percentage of the vehicle's list price when new. For 2018-19 this percentage will range from 13% for a car with zero CO_2 emissions, to 37% for emissions of 180 g/km or more.

Diesel cars tend to have lower CO_2 emissions than petrol powered vehicles of a similar engine size. However, diesels also emit more harmful particles, so a diesel supplement is added to the percentage of list price to increase the taxable benefit of using a diesel company car.

From 6 April 2018 this diesel supplement will increase from 3% to 4%, so the cleanest diesel will be taxed at 17% of list price and those with CO_2 emissions of 160 g/km or more will be taxed at 37% of list price.

This tax increase applies only to cars, not to commercial vehicles. The benefit of using a company van for private journeys, other than ordinary commuting, will be taxed at a flat £3,350 per year for both petrol and diesel engines in 2018-19. Drivers of electric vans were taxed on £646 for 2017-18 but this benefit is more than doubling to £1,340 for 2018-19.

Vehicle excise duty (VED) or 'road tax' will also be tweaked to discourage the purchase of diesel cars. The VED for new diesel cars registered on or after 1 April 2018 will be charged as if the car was in one band higher. This will add £20 to the VED for the smallest diesel cars and up to £400 for the largest diesel cars, but it will only have an impact on the VED for the first year the car is registered.

Employee Benefits and Expenses

Forthcoming changes outlined

- Employees who charge their electric vehicles at work without being required to pay for the electricity have received a benefit of free power. Few employers would recognise this as a taxable benefit but from April 2018 the Law will be changed to make it clear there is no taxable benefit for this.
- When employees travel abroad on business, processing their travel and subsistence expenses can be a big headache. HMRC publishes a list of concessionary scale rates which can be used to reimburse employees instead of checking every receipt. These rates will be written into Law from 6 April 2019.
- Members of the Armed Forces choosing to live in privately rented accommodation or in their own homes are at a cost disadvantage compared with those who stay in MoD provided housing. From Spring 2018 the MoD will pay a tax free and NIC free allowance to those serving in the UK to help pay rent or maintenance costs.
- Crown employees of the Royal Fleet Auxiliary have been allowed to claim the seafarer’s earnings deduction on a concessional basis if they work away on a ship for a year or more outside UK waters. The Law will be changed to give them certainty that they can claim the deduction if all other conditions are met.

SDLT

Help for First Time Buyers

First time buyers can now take advantage of a permanent exemption from Stamp Duty Land Tax (SDLT) when purchasing a property which they intend to occupy as their main home.

The exemption removes the SDLT charge for the first £300,000 of the purchase price for deals completed on and after 22 November 2017. If the purchase price is more than £500,000 the exemption doesn't apply and the normal SDLT rates will be charged.

All the buyers must qualify as first time buyers, so none of them can have owned a residential property or any interest in a home, located anywhere in the world. Parents who help their children fund the purchase of a property must not let their names be included on the deeds, as that will block the SDLT exemption if the funding parent has previously owned a home.

This exemption does not apply to properties in Scotland which are subject to Land and Buildings Transaction Tax. It will only apply to purchases of homes in Wales until 31 March 2018, as the Welsh Land Transaction Tax applies from 1 April 2018.

Property Allowances

Rent a Room Relief

When you let one or more furnished rooms in your own home the rental income can be free of tax if it is covered by Rent a Room Relief - currently capped at £7,500 per year. However, this relief only applies where the room is used as residential accommodation.

If the room is used as an office, for storage or perhaps as a garage or parking space on your drive, Rent a Room Relief does not apply. In those cases, the rental income can now be tax free if it does not exceed £1,000 per year and the conditions for this new property income allowance apply.

You cannot use the property income allowance to boost the tax free rent from residential accommodation to £8,500 per year, as the allowance cannot apply if Rent a Room does.

Where your non residential let brings in more than £1,000 you can choose to deduct the allowance from your gross rents or to calculate the taxable rental income deducting allowable expenses, but ignoring the allowance. When you use the property allowance you cannot also deduct expenses.

Where the rent is paid by your own company or by a company that employs you or a family member, you cannot use the property allowance against that income.

Business Rates and Staircases

Flat Rate Scheme skewered by the Government

The 'staircase tax' is an increase in business rates suffered by businesses who occupy two or more sections of a shared building. Each section must be treated as a separate rateable unit if it is not possible to move between the sections without entering a common area (such as a staircase or corridor).

Philip Hammond has now promised to change the Law to eliminate the staircase anomaly and to refund businesses any extra rates they have had to pay since the 'staircase tax' was applied.

From April 2018 the annual increase in rateable values will be based on the Consumer Price Index (CPI), rather than the Retail Price Index (RPI), which tends to produce a higher measure of inflation. Also, revaluations for business properties will be undertaken every three years instead of every five, reducing the incidence of steep increases in business rates.

Marriage Allowance

Who is eligible to claim

When an individual is married or in a civil partnership and has little or no income so that they do not use their entire personal allowance (£11,500 for 2017-18) that person can elect to transfer 10% of their allowance to their partner. This is called the marriage allowance.

The recipient must pay tax at no more than 20%. Thus, the allowance is worth a maximum of £230 for 2017-18 (£1,150 x 20%).

Once the election for the marriage allowance is in place it continues to apply until it is revoked, the couple divorce, or one of them dies. Sadly, the opportunity to claim the marriage allowance is often only recognised when one of the partners has died and, in that case, it can be too late to claim because the marriage no longer exists.

The Law changed on 29 November 2017 to allow claims for the marriage allowance to be made on behalf of a deceased person. Any claim for the marriage allowance can be back dated up to four years but not to a year earlier than 2015-16.

This extension of the allowance to couples who have been separated by death will allow widows or widowers to resubmit a claim where it has been refused in the past.

New Members to the WA Team

A warm welcome to our new staff members

Over the last few months we have had the good fortune to be able to add to our dedicated team of professionals.

Here are the names of our new full time members of staff who you may have contact with from time to time - may we introduce:

Alex Hughes *Trainee Accountant*

Amanda Townsend *Tax Manager to Sam Chown*

Chrissie Henson *PA to Sam Chown*

Elliott Poole *Trainee Accountant*

George Hillier-Jones *Corporate Team*

Geraldine Walker *Payroll Assistant*

Kayleigh Large *Receptionist*

Linda Hughes *PA to Paul Severn and Suzie Vine*

Nicola Boniface *Bookkeeper*

Sally Cleaver *Corporate Team*

Reach YOUR POTENTIAL

We are delighted to have the new members of the team on board - this now brings our numbers up to 66!

All of the Directors at Watson Associates are committed to recruiting and training qualified staff at all levels and would encourage anyone interested in pursuing a career in accountancy to contact us.

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Chestnut Tree House

We are excited and proud to announce our support of Chestnut Tree House for 2018

Follow us on Twitter (@Watsonsuk) to hear about our fundraising efforts throughout the year to support the 15th birthday of this Sussex based charity providing children's hospice care.

Dates for your Diary

2018

31 March	End of Corporation Tax financial year
1 October	Due date for payment of Corporation Tax for p/e 31-12-17
31 October	Deadline for submitting a paper 2017/18 Self Assessment Returns