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STAMP DUTY LAND TAX (SDLT) RELIEF FOR FIRST-TIME BUYERS

In an attempt to help first-time buyers get on the property ladder and stimulate the housing market the chancellor announced that for property purchases completed on or after **22 November 2017** there would be **no SDLT payable** if the purchase price is below £300,000.



This will be a permanent measure rather than a temporary holiday. Those claiming the relief will pay no SDLT on the first £300,000 of the consideration and 5% on any remainder.

No relief will be available where the total consideration is more than £500,000. It should be noted that where a property is bought in joint names it must be the first property owned by all purchasers.

HMRC HAVE UPDATED THEIR GUIDANCE ON SALARY SACRIFICE SCHEMES

The rules for salary sacrifice arrangements changed with effect from 6 April 2017 and HMRC have updated their guidance for employers. Apart from 5 exceptions the amount assessed as employment income for new salary sacrifice arrangements is now the greater of the salary foregone and the taxable benefit as set out in the tax legislation.

Fortunately, the two most common arrangements are unaffected by the changes - childcare vouchers and pension contributions. The HMRC guidance reminds us of the importance of amending the employee's contractual salary before the next salary payment. Remember also that the employee's salary cannot be reduced below National Minimum Wage.

ARE SPOUSES WAGES FULLY DEDUCTIBLE?

HMRC have recently won a tax tribunal case where they were seeking to challenge the deduction for a wife's wages in arriving at the profits of her husband's business. The judge agreed with HMRC that the amount allowed as a deduction should be limited based on the hours spent and appropriate rate for the work done.

The general principle here is that the expense must be incurred wholly and exclusively for the purpose of the trade. Traditionally when the personal allowance was fairly low (e.g. £6,475 in 2010) it was quite easy to justify the wages paid to the spouse at around that level. However, there have been significant increases in the personal allowance in recent years to £11,500 in the current tax year and it is important that wages paid to the spouse can be justified.

MUST OWN 5% OF ORDINARY SHARES TO QUALIFY FOR CGT ENTREPRENEURS RELIEF

In order for a shareholder to qualify for CGT entrepreneurs relief on the disposal of their shares, they must be an officer or employee of the company (or group) and hold 5% or more of the company's ordinary share capital and voting rights for 12 months prior to the disposal. The company must also be a trading company or the holding company of a trading group throughout the same 12 month period.

In a recent tax case, the judge agreed with HMRC that in determining whether or not the shareholders held the required 5% of the ordinary share capital, all of the company's shares should be considered except those with a fixed rate of dividend (preference shares). A lower court had previously decided that shares with no entitlement to dividends and voting rights could be disregarded.

WHEN IS A COMPANY VAN NOT A VAN?



The P11d benefits on company vans are generally much lower than company cars and where private use of the van is merely incidental to its business use by the employee, then there is no taxable benefit at all. But when is a van not a van?

In a recent tax tribunal case, the judge agreed that a VW Kombi van that had been converted so that it had two rows of seats for passengers was a company car not a van.

Under the employee benefit rules, a van is a vehicle where its *primary* construction is for the conveyance of goods or burden. Kombi vans and those similar have not previously been thought to fall into this category due to them being designed to carry both goods and people. Historically, HMRC has offered a concession from 2002/2003 onwards for vehicles of a very similar construction, double cab pickups (including both uncovered and covered models), if the payload capacity of the pickup exceeds a metric tonne. HMRC accepts that these vehicles can be treated as a van for benefit in kind purposes. The judge decided that the *primary* construction of the kombi van was not for the conveyance of goods alone but rather that its purpose was for the conveyance of both goods and people equally. This means that the Kombi did not meet the requirement to be considered to be a van and therefore for benefit in kind purposes it was a car. The same judge however decided that Vauxhall Vivaro vans converted so that they had two rows of seats were vans!

Similar rules apply for VAT purposes so **contact us** first if you want to check the correct tax treatment of the vehicle you are planning to buy.

ADVISORY FUEL RATE FOR COMPANY CARS

These are the suggested reimbursement rates for employees' private mileage using their company car from 1 September 2017.

Where there has been a change the previous rate is shown in brackets and you can continue to use the previous rates for up to 1 month from the date the new rates apply.

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p		7p
1600cc or less		9p	
1401cc to 2000cc	13p (14p)		8p (9p)
1601 to 2000cc		11p	
Over 2000cc	21p	12p (13p)	13p (14p)

FURNISHED HOLIDAY LETTING BUSINESS IS NOT A BUSINESS FOR IHT RELIEF



A furnished holiday letting business is treated as a trade for most tax purposes. For example, capital allowances are available on furniture, and CGT entrepreneurs' relief is available on disposal of the business.

However, a recent tax case has determined that a holiday letting business in Cornwall did not qualify for inheritance tax business property relief.

Despite the provision of a range of services to customers, the judge agreed with HMRC that the business was wholly or mainly that of making or holding of investments and as such ineligible for any relief from inheritance tax.

Note that the restricted deduction for interest that started to apply to buy-to-let businesses from 6 April 2017 does not apply to furnished holiday lets.

There are special rules for a rental business to qualify as furnished holiday lettings, in particular the property must be available for letting for 210 days a year, and actually let for 105 days.



VAT Spotlight...

RECLAIMING FOREIGN VAT ON EXPENSES

If your business has suffered VAT on expenses incurred in another EU country, for example overseas hotel and restaurant bills, then it is possible to reclaim the foreign VAT.



The foreign VAT must not however be reclaimed on the UK VAT return but by using HMRC 's VAT online services system.

The foreign VAT refund claims can be made either quarterly or annually but there is a de-minimis amount that may be reclaimed quarterly.

The conditions for being able to reclaim the foreign VAT are that the business must:

- ⇒ be VAT registered in the UK
- ⇒ not be registered for VAT in the EU country nor have a place of business there
- ⇒ not make supplies of goods or services in that EU country, except for transport services

We can assist with your refund claims if this applies to your business.

VAT REGISTRATION LIMIT FROZEN

The VAT registration limit normally increases in line with inflation each year, however the limit has been frozen at £85,000 until 1 April 2020. At the same time the deregistration limit remains at £83,000.

There had been rumours that the VAT threshold would be reduced so that more businesses would be required to charge VAT on their sales. The UK currently has the highest VAT registration threshold in Europe.

Note that the introduction of Making Tax Digital (MTD) for VAT in April 2019 will apply to those businesses above the registration limit. Freezing or reducing the threshold will bring more businesses within the scope of MTD.

SOCIAL MEDIA MANAGEMENT WITH HOOTSUITE

Most businesses have some sort of social media strategy. However, managing multiple accounts across various platforms can be complicated.

Hootsuite is a **social media management tool** that allows users to manage, schedule and post updates to any page or profile on **Facebook, Twitter, LinkedIn, Google+, Instagram, WordPress** and other platforms from a central dashboard.



Hootsuite offers useful features such as scheduling of posts, analytics and audience engagement tools. Users can implement and analyse marketing campaigns across all social profiles without the need to sign in to each network individually. Premium users get advanced features such as social analytics, audience engagement, team collaboration and security.

The most prominent feature of Hootsuite is the ability to post text, links, videos and photos through the Hootsuite dashboard directly to multiple social media profiles. There are also scheduling features in Hootsuite which allow users to manage posts so that they are automatically posted at specific times. You can schedule your week's social media activity at the start of the week and leave it to run itself as the week progresses. This is great for time-poor business professionals.

Hootsuite also allows businesses to manage multiple social media profiles. With a free account, you can manage up to three social media profiles. If you need more, you can upgrade to a paid account. If you want to post to the social media profiles of, say, your entire sales team, you can do this centrally from the Hootsuite dashboard.

The system also includes more advanced features such as **Targeted Messaging**. This allows users to send specific, private messages out to targeted audience groups on selected social media profiles directly, through the Hootsuite dashboard.

Finally, Hootsuite has a dedicated section for creating analytical reports and click-through summaries. It works with Google Analytics as well as Facebook Insights. It is free to try the system out. You can also get a 30 day **free trial** of Hootsuite Pro which allows you to manage up to 10 social media profiles.

GETTING YOUR TEAM ON SIDE



Managing people can be one of the toughest challenges faced by businesses. Unhappy employees will perform at low expectations, which can have a knock-on effect on the rest of the business. Here are a few tips to help you to get your team on side, in order to get the best out of them.

Get your team involved in planning

Managers should take ownership of the overall delivery of projects, but getting input from team members can help to get everyone invested in achieving the objectives. It also creates a sense of collaboration that can help reduce negativity towards “management”.

Alignment

Even if a team is trying to accomplish the same goals, that doesn't stop everyone from going off in different directions to accomplish these. Your team needs to be aligned and moving in the same direction. Ensure objectives are communicated clearly and that everyone knows what they have to do in order to succeed.

Be sociable

Interacting with your team and getting to know team members as individuals is key to building a happy, effective and productive unit. Invest time in social activities and say hello to your team members in the office.

Communication is key

If you want to build an effective team, you need to communicate. Schedule a regular weekly meeting and encourage others to contribute to the discussion. Ensure that everyone on the team understands the key objectives, where necessary documentation is stored, what the key processes are, etc. You should also allow time for your team members to ask questions and be prepared to accept constructive criticism. Nobody expects you to get everything right but they do expect you to be accountable and to be willing to learn.

Pension Spotlight...

CHANGES TO PENSION TAX RELIEF IN THE BUDGET?

There is again speculation about further restrictions to tax relief on pensions in the Chancellor's Autumn Budget. With the Chancellor looking to increase tax revenues without increasing tax rates, a raid on pension savings is an easy target as the cost of pension tax relief is estimated to be in excess of £35 billion a year.

Currently individuals can generally obtain tax relief at their marginal tax rate on up to £40,000 each tax year. Thus, for a higher rate taxpayer, a £10,000 gross pension investment costs only £6,000 after tax relief. Consider increasing your pension savings just in case?

INCREASED CONTRIBUTIONS FOR WORKPLACE PENSIONS IN 2018

Auto-enrolment of staff in workplace pension schemes now applies to even the smallest of employers, although there are exclusions.

The current minimum contributions are 1% from the employer and 1% from the employee but these limits are scheduled to increase to 2% and 3% respectively from 6 April 2018.

The contributions will then increase to 3% from the employer and 5% from the employee from 6 April 2019. Employees will have a further opportunity to opt out of auto-enrolment.

NEW RESTRICTION FOR THOSE IN PENSION DRAWDOWN

One of the measures affecting pensions announced in the Spring 2017 Budget that was not included in the first Finance Act, concerns a new £4,000 pension input limit for those who are drawing income from their money purchase pension fund.

The new flexible drawdown rules introduced from 6 April 2015 has allowed those with money purchase schemes such as Self Invested Personal Pension schemes (SIPPs) to draw as much or as little as they wish each year. Other than the 25% tax free lump sum, the amounts withdrawn are taxed as income on the Individual. The new £4,000 (previously £10,000) annual limit in the latest Finance Bill is intended to be an anti-avoidance measure to deter pension "recycling" where the amounts withdrawn are reinvested in the pension scheme to obtain further tax relief.

Please contact us if you wish to discuss any aspects of pension planning.