



R. M. Rahim & Co.

Chartered Accountants & Business Advisers

Client Newsletter

April 2017

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Enjoy your free gift from us!

We appreciate your ongoing business with us and look forward to working with you for many years to come!

- *Lighted Tip Stylus Pen*
- *2017 Pocket Diary*

Our Updates

Over the past year at R. M. Rahim & Co. we hope you have been satisfied with the high level of service you have received. Feedback is always welcome from all clients and is the main way we can maintain a high level of tailored services for our clients.

Please remember that tax returns for the year ended 5 April 2017 have now become due. If you haven't yet got the information for your tax returns ready please do so and forward this to us as soon as possible so we can get this done with plenty time to spare before the deadline of 31 January 2018. Don't forget you can always contact us by email at staff@rmrahim.com.

There have been many changes proposed by the government that will have a direct impact on you and the way you run your

business. In this newsletter we will try and cover the main talking points from the budget, HMRC consultations and new tax laws being brought in that may have an impact on you. As always should you need specialist tax advice please do book in to come and see us so we can advise you accordingly.

As indicated by the government through their Making Tax Digital proposals (more details overleaf), the use of up to date technology and systems is going to be at the forefront for many businesses. As well as our online approval system and client portal we work with cloud accounting software packages and would be more than happy to discuss these with anyone who would like to consider this option. Using cloud accounting will save you time in the long run and result

in a cost saving. We recommend that if you are currently using excel spreadsheets or written up cashbooks to give Mohamed a call and see if this could be something of use to you.

Please remember should you require further assistance from us or have any questions throughout the year feel free to contact us and speak to Raza or Mohamed.

TAX DIARY

- **31st July 2017** – Second instalment due for 2016/2017 advance
 - **31st October 2017** – Deadline for 2017 paper returns
 - **31st January 2018** – Last Date for submission of your 2016/17 return electronically
 - **31st January 2018** – Payment of balance due on 2016/2017 return together with first instalment for 2017/2018 advance
- LIMITED COMPANIES:**
- Corporation tax is due 9 months after your year end

Taxation News and Tips

All qualifying investment in plant and machinery is eligible for 100% relief up to annual limit of £200,000. (Annual Investment Allowance)

Inheritance Tax: Your financial planning should include a tax efficient estate plan and consideration of inheritance tax implications. Having a will is a key tool in this planning. IHT is currently payable where a persons taxable estate is in excess of £325,000. Mr. Rahim specializes in this area and will be available to assist clients in this field. The nil rate band will be enhanced by £100,00 from 2017/18 if main residence is passed to direct descendants.

Capital Gains Tax higher rate is reduced from 28% to 20% and basic rate from 18% to 10%. There will be an extra 8% on carried interest and gains on residential properties. We always advise you see us for tax planning if you think CGT will apply to you.

Giving to charity through gift aid can help the charity by tax rebate and may help your tax affairs if you are a higher rate tax payer.

Married Couple Tax Break: Married couples can now transfer up to 10% of their unused personal allowance to their spouse. For this to happen a claim must be made when doing your return or separately (if one partner isn't under self assessment). Please contact us if you want to discuss this further for your tax affairs.

NIC Employment allowance will continue to be at £3,000. Our payroll clients will have this claimed for them automatically.

Savings Interest: Individuals will now have to account for tax on savings through their tax returns (if applicable) as UK banks will no longer deduct this at source.

Tax Data 2017/18

Rates Of Income Tax:

£0 - £33,500	20%
£33,500 - £150,000	40%
Over £150,000	45%
Personal Allowance	£11,500
C.G.T Annual Exemption	£11,300
Corporation Tax Rate	19%
Rent a Room Relief	£7,500
ISA Limit	£200,00
Dividends:	
Tax Free Limit	£5,000
Ordinary Rate	7.5%
Upper Rate	32.5%
Additional Rate	38.1%

Taxation News and Tips Continued...

Property Income: Two major changes have been introduced: - For the year ended 5 April 2017 the landlords wear and tear allowance will be replaced with a new system allowing relief on replaced furnishing. This means you wont be able to claim 10% on furnished properties in come. Instead the relief given will be for the cost of a like for like, or nearest modern equivalent, replacement as set, plus any costs incurred in disposing of, or less any proceeds received for, the asset being replaced. Essentially, you will be able to claim for the total cost of new items required in your rental properties and the costs involved

with disposing of the old items. Landlords must be vigilant to maintain good record keeping for these expenses. - The availability of relief on interest paid by landlords paying tax at the higher rate will be gradually restricted to basic rate reduction over a period of 3 years from 5 April 2017. This means if you are a 40% or higher rate tax payer you will be restricted on how much interest you will be able to claim against your rental income. The restriction will be phased in from 2017/18 allowing 75% of finance costs and 25% at basic rate only. The following years rates will then be:

2018/19 - 50% allowable with 50% at basic rate only.
 2019/20 - 25% allowable and 75% at basic rate only.
 2020/21 - All allowable at basic rate only.
 If you feel these changes will affect you, please book in to come and see us for some specific tax advice and planning as there are potential CGT implications for transferring your properties.
IR35 Changes: The new changes to IR35 mean public sector employers will have the power to decide if a person is deemed to be an employee. Contact us for more details if this applies to your company.

Making Tax Digital for Business (MTDfB)

What is Making Tax Digital?
 Making Tax Digital is a government initiative that sets out a vision for 'a transformed tax system and the end of the tax return' by 2020.

Essentially this means that all record keeping and book keeping will have to be done in a digital format, reported electronically, and submitted every quarter. This is a major change for those who aren't already using accounting software or spreadsheets for their book keeping. The changes being

enforced will apply to most businesses, self-employed people and landlords, as well as some individual taxpayers. If you have self assessed income of more than £10,000 this change will apply to you.

When will the changes happen?
 The date this will affect you is staggered and in the following turnover requirements:

Under £10,000 – Exempt from MTDfB

Between £10,000 and VAT Threshold – April 2019

Above VAT Threshold (unincorporated) – April 2018

This will have a massive impact on how we work with you. Whilst a strategy is in place, we are still formulating a number of solutions to help you through this change when the time comes, whilst still maintaining excellent service and great tax advice. Please see enclosed MTDfB information sheet for further details!

Payroll

Auto Enrolment for employers is now fully underway and we have assisted all of our payroll clients to date with setting up their scheme and administering this for them. If your staging date is coming up and you don't run your payroll with us, get in touch to see how we can give you peace of mind on this front!

Please note under RTI all people who work for you that are paid, even casual workers, need to be on your payroll and provided with pay slips.

And Finally...

Our ongoing client referral scheme, where you can get up to 20% off your next invoice by referring friends, family or business contacts to us has been a success with many clients taking the opportunity to refer their contacts. Feel free to refer any contacts you have that may require our services to take advantage of this scheme. Just ensure that they mention you referred them in their first meeting with us.

We pride ourselves on creating a

very customized experience for our clients, if you feel that you want to tailor our services to fit your requirements better or increase the services we provide for you please contact us.

If you are considering starting or expanding your business please consult us as there are key considerations relating to your business plans, projections, business structure and year end for which our advice will benefit you greatly.

Payroll Data 17/18

National Minimum Wage:

From 5 April 2017 (Per Hour)

Apprentice	£3.50
Under 18	£4.05
18-20	£5.60
21-24	£7.05
25+ (NLW)	£7.50

Auto Enrolment Trigger:

£192 Per week / £10,000 P.A.

NIC Threshold:

£113 Per Week

PAYE Tax Threshold:

£221 Per week



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