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## BUSINESS MATTERS

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## Christmas Celebrations

**Like any good business, Thickbroom Coventry enjoys a great Christmas party.**

Over the years we have been treated to some splendid nights out ranging from murder mysteries, comedy clubs and a good old fashioned boogie on the dance floor. This year we did something a little bit different.

It started with a trip on the London Eye, which although looks like it moves slowly, actually moves at quite a speed, especially when you are trying to get on and off. The view was spectacular, and even those amongst us who suffer from vertigo managed to get a good panoramic look at London.

A scenic river boat ride down the Thames to Tower Bridge and a gentle stroll along the river took us to our final destination, Smiths Brasserie restaurant in Wapping. The food was amazing and portion sizes too much for some of us. A fabulous evening and a great start to our Christmas break.





## The 2016 Autumn Statement: a round-up of key measures

In his first major financial statement, the new Chancellor Philip Hammond unveiled a number of measures that may affect you and your business.

### Business measures

#### Corporation tax

The Chancellor reconfirmed that the corporation tax rate, currently 20%, will be reduced to 19% for the financial years beginning 1 April 2017 onwards, with a further reduction to 17% coming into effect for the financial year beginning 1 April 2020.

#### National insurance contributions (NICs)

The national insurance secondary (employer) threshold and the national insurance primary (employee) threshold will be aligned from April 2017, meaning that both employees and employers will start paying national insurance on weekly earnings above £157.

#### Salary sacrifice

From April 2017, the tax and employer national insurance advantages of salary sacrifice schemes will be removed, except for arrangements relating to pensions (including advice), childcare, Cycle to Work and ultra-low emission cars. Arrangements in place before April 2017 will be protected until April 2018, and arrangements for cars, accommodation and school fees will be protected until April 2021.

#### VAT flat rate scheme

A new 16.5% rate of VAT will apply from 1 April 2017 for businesses with limited costs, such as labour-only businesses. Anti-forestalling provisions have been introduced to prevent any business defined as a limited cost trader from continuing to use a lower flat rate beyond 1 April 2017.

#### Employee shareholder status (ESS)

The tax advantages linked to shares awarded under ESS have been abolished for arrangements entered into on or after 1 December 2016, and the status itself will be closed to new arrangements at the next legislative opportunity.

### Personal measures

#### Income tax

The personal allowance will rise to £11,500 from 6 April 2017, while the higher rate threshold will increase to £45,000, as previously planned. The government has committed to raise the income tax personal allowance to £12,500 and the higher rate threshold to £50,000 by the end of this Parliament.

#### ISA limits

From 6 April 2017, the annual subscription limit for Junior ISAs and Child Trust Funds will be updated in line with CPI to £4,128. As previously announced, the ISA limit will rise from £15,240 to £20,000 from 6 April 2017.

#### National Living Wage and National Minimum Wage

The rate of the National Living Wage will increase to £7.50 an hour from April 2017. The government has also accepted all of the recommendations of the Low Pay Commission for the National Minimum Wage (see below).

#### Money Purchase Annual Allowance (MPAA)

April 2015 saw the introduction of new pension flexibilities. Once an individual has accessed their pension savings flexibly, if they wish to make any further contributions to a defined contribution pension, tax-relieved contributions are restricted to a special MPAA. Subject to consultation on the detail, the MPAA will be reduced from £10,000 to £4,000 from April 2017.

#### Insurance premium tax (IPT)

The standard rate of IPT will rise again from 1 June 2017, from 10% to 12%, marking a doubling of the tax within a period of just over 18 months.

**The Chancellor also revealed that his first Autumn Statement would be his last, as following the Spring 2017 Budget and Finance Bill, future Budgets will be delivered in the Autumn.**

## New National Living Wage and National Minimum Wage rates

**In the 2016 Autumn Statement, Chancellor Philip Hammond announced that the National Living Wage (NLW) and the National Minimum Wage (NMW) rates will rise from April 2017.**

Any increases in the hourly rates will in future take place in April, rather than in October, as set out in the table.

Mr Hammond also announced additional support targeted at small businesses to help them to comply with the NMW legislation, and a campaign aimed at raising awareness amongst workers and employers regarding their rights and responsibilities.

	Apprentices*	Age 16-17	Age 18-20	Age 21-24	25 and over
National Minimum Wage	£3.50	£4.05	£5.60	£7.05	–
National Living Wage	–	–	–	–	£7.50

\* under 19, or 19 or over and in the first year of their apprenticeship

**We can advise on a range of business issues – please contact us for assistance.**



## Introducing the new Lifetime ISA

Under 40? If so, then you may be able to apply for the new Lifetime ISA, which is being launched from April.

### What is it?

From April 2017, any adult under the age of 40 will be able to open a new Lifetime ISA account, into which they can deposit up to £4,000 each tax year. They will then receive a 25% bonus from the government on any savings put into the account before their 50th birthday.

Both the tax-free savings and the government bonus can be used for a deposit for a first home in the UK worth up to £450,000 at any time from 12 months after first saving into the account. Alternatively the funds, including the bonus, may be withdrawn from the Lifetime ISA from age 60 tax-free, for any purpose. Lifetime ISA holders can access their savings if they become terminally ill.

Savers can also withdraw money before their 60th birthday for other purposes, but a 25% government charge will be applied to the amount of the withdrawal, together with a 'small additional charge'.

New amounts contributed to a Lifetime ISA will count against an individual's overall ISA limit for the year (£20,000 from April 2017), as well as the Lifetime ISA limit. An individual will only be able to pay into one Lifetime ISA each tax year, as well as a Cash ISA, a Stocks and Shares ISA and an Innovative Finance ISA.

### Lifetime ISA versus Help to Buy ISA

Individuals intending to use the savings to purchase a first home may want to consider whether it is more beneficial to invest in a Lifetime ISA or a Help to Buy ISA, and the decision will depend on their individual circumstances. The table highlights some of the key differences between the accounts.

As a general point, the Lifetime ISA is intended as a long-term savings product, whereas the Help to Buy ISA is designed to be a short-term savings product and is only open to new savers until 30 November 2019.

During the 2017/18 tax year only, savers who already have a Help to Buy ISA will be able to transfer any funds built up before 6 April 2017 into a Lifetime ISA without these counting towards the Lifetime ISA contribution limit.

	Lifetime ISA	Help to Buy ISA
<b>Savings limit</b>	£4,000 a year with no monthly maximum amount	£200 a month, with an option to invest an additional £1,000 in the first year
<b>Bonus</b>	25% – worth £1,000 a year if the maximum amount is saved. There is no minimum contribution limit that must be met before the bonus is paid	25% – capped at maximum of £3,000. A minimum of £1,600 must be invested before the bonus can be claimed
<b>When is the bonus paid?</b>	At the end of 2017/18 and monthly from 2018/19	At the point of purchase (usually between exchange and completion)
<b>Maximum property price</b>	£450,000 anywhere in the UK	£250,000 or £450,000 in London
<b>Eligibility</b>	Anyone aged 18-40	Any first-time buyer aged 16 and over

### What about pensions?

Some taxpayers in their 20s and 30s could opt to save into a Lifetime ISA rather than into a pension. However, for higher rate taxpayers the government top-up on pension contributions is effectively 67%, so after full tax relief £6,000 of pension contributions provides an investment of £10,000.

It is also important to consider withdrawal rules. Individuals who are currently eligible for a Lifetime ISA will be able to take money from their pension at age 57 (the minimum pension access age applying from April 2028). Yet they will need to wait until age 60 before withdrawing their money from a Lifetime ISA without losing the bonus, the accrued income associated with it, and also incurring a penalty.

The biggest constraint of the Lifetime ISA will be the annual investment limit of £4,000. Those who can afford to contribute more than this may want to utilise their Lifetime ISA alongside making payments into a pension scheme.

**Please contact us if you would like more information on making the most of your wealth.**





## Business Round-up

### New 12-sided £1 coin set to be introduced

The Treasury has urged businesses to prepare for the introduction of the new 12-sided £1 coin, which the government hopes will help combat the production of counterfeit coins. In order to tackle this issue, a hidden 'high security feature' has been added to the new £1 coin, in an effort to make its design harder to replicate.

The government has called for firms which handle cash to adapt or upgrade their equipment and train their employees on the features of the new coin, which will come into circulation on 28 March 2017.

Following its introduction, there will be a six-month period during which both the old and the new coin will be in circulation. Both will be accepted as legal tender during this time. The new coin will then replace the existing 30-year-old coin, which will be demonetised after 15 October 2017.



### Small firms set to benefit from new payment transparency

The government has outlined new measures that will require large companies to publish details on how quickly they pay their suppliers.

The proposals, which come into force in April 2017, will require large firms and limited liability partnerships (LLPs) to

publicly report twice a year on both their payment practices and performance, including the average time taken to pay supplier invoices.

A recent report by the Federation of Small Businesses found that, on average, 30% of payments are late.

The measures form part of a package to tackle late payments, which also includes the appointment of a Small Business Commissioner who, from Autumn 2017, will support small businesses in resolving payment disputes.

The government hopes the new measures will increase transparency and help small businesses to make 'informed decisions' in regard to who they do business with.

### Wales set to receive income tax powers in 2019

The Scottish government recently confirmed that it will be exercising its additional tax powers, by changing the higher rate income tax threshold in line with inflation for the 2017/18 tax year.

In a devolutionary deal similar to the one granted to the Scottish government, the Welsh government has also been given new powers to set its own rates of income tax, with effect from April 2019, as part of an arrangement with the UK Treasury.

The amount of capital borrowing available to the Welsh government will also double to total £1 billion.

The Welsh government has already been granted new stamp duty powers. From April 2018, a new Land Transaction Tax (LTT) will replace stamp duty land tax (SDLT) in Wales.

## Web Watch

Essential sites for business owners.

[www.exportingisgreat.gov.uk](http://www.exportingisgreat.gov.uk)  
Information and advice for businesses seeking to export.

[www.cityam.com](http://www.cityam.com)  
Up-to-date information on all the latest tax, financial and business news.

[www.tax-news.com](http://www.tax-news.com)  
The latest tax news from around the world.

[visual.ons.gov.uk/find-out-the-gender-pay-gap-for-your-job](http://visual.ons.gov.uk/find-out-the-gender-pay-gap-for-your-job)  
New tool to allow individuals to calculate the gender pay gap for their profession.

## Reminders for your Spring diary

### March

- 1 New advisory fuel rates applicable from this date.
- 2 Last day to pay any balance of 2015/16 tax and NICs to avoid an automatic 5% late payment penalty.
- 31 End of corporation tax financial year. End of CT61 quarterly period. Filing date for Company Tax Return Form CT600 for period ended 31 March 2016.

### April

- 5 Last day of 2016/17 tax year. Deadline for 2016/17 ISA investments.

Last day to make disposals using the 2016/17 CGT exemption.

- 14 Due date for income tax for the CT61 period to 31 March 2017.
- 19/21 Quarter 4 2016/17 PAYE/Class 1 NICs remittance due.

### May

- 1 Start of daily penalties for 2015/16 online Self Assessment Tax Return not yet filed. Additional penalties may apply for further delay.
- 3 Submission date of P46 (Car) for quarter to 5 April.
- 31 Last day to issue 2016/17 P60s to employees.