

Tax allowances 2018/2019

Personal Allowance
£11,850

Personal Savings Allowance
£1,000 for basic rate tax payers
£500 for higher rate tax payers

Dividend Allowance
£2,000

Capital Gains Tax Allowance
£11,700

WHAT IS IR35 AND HOW DOES THIS AFFECT YOU?

IR35 is tax legislation that is designed to combat tax avoidance by workers supplying their services to clients via an intermediary, such as a limited company, but who would be an employee if the intermediary was not used.

From April 2017 individuals working through an intermediary in the public sector are no longer responsible for deciding whether IR35 applies. **The public sector employer will have to decide** if the rules apply to a contract and, if so, account for and pay **any tax and NIC deducted from the worker through RTI.**

Are they truly self employed? – 6 key factors:

1. Control – to be an employee there would be extensive control;
2. Mutuality of obligations – is there an ongoing right and

obligation for the employer to continually and regularly offer work and is the worker obligated to accept, undertake and perform all the work offered?

3. Can the worker supply a substitute and is the employer obligated to accept the substitute?
4. Does the worker pay their own public liability insurance
5. How is the work priced? Payment on completion of task is more indicative of self employment
6. A self employed worker will rectify mistakes in own time for no further payment

Please refer to HMRC employment indicator tool at <https://www.gov.uk/guidance/check-employment-status-for-tax> for more guidance or contact us for further advice



GDPR HAS ARRIVED – ARE YOU PREPARED?

The General Data Privacy Regulation came into effect on 25 May 2018.

How do you know if you're ready? How do you know if you need to be ready? These are questions that could have some very serious financial implications for organisations both large and small, no matter where located.

In simple terms, if your organisation collects or processes data from EU citizens located in the EU, then GDPR applies to you.

Fines for not being GDPR compliant can reach **€20 million or up to 4% of an organisation's global annual turnover.**

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TAX FREE CHILDCARE EXPLAINED

Tax-Free Childcare is a new Government scheme to help parents with the cost of childcare. It is designed to replace the Childcare Vouchers scheme which closes to new entrants 4 October 2018.

The scheme is available to **ALL** eligible workers **including the self-employed**, unlike the Childcare Voucher scheme, which can only be bought by people whose employer offers the scheme.

How the scheme works.....

You can get up to **£500 PER CHILD** every 3 months (maximum £2,000 a year, rising to £4,000 for a child with disabilities) for help with the costs of childcare. The government will pay £2 for every £8 you pay to your childcare provider.

To qualify **both** partners in the household **MUST** be working (at least **16 hours per week**) earning **at least the minimum wage**. You also need to **earn less than £100,000** a year so if one earns more than this you **CANNOT** access Tax Free Childcare.

The scheme is available for parents of children up to and including the age of 11 (or 16 for children with disabilities) to pay for **“approved childcare”**

For more information and to apply for Tax Free Childcare please visit <https://www.gov.uk/help-with-childcare-costs/tax-free-childcare>

SHOULD WE GO LIMITED?

This is a question we are often asked, however, what our clients really mean is "Can we save tax by going limited?"

The financial benefits of trading through a limited company structure are nowhere near what they were before the recent changes to the way dividends are taxed. The answer to the tax saving question isn't always straight-forward as it depends on a number of variables.

There can still be tax savings depending on the specific circumstances. For example, there may be tax savings for a GP practice with a **significant** level of Non NHS income to consider the formation of a limited company.

If you'd like to talk to us about incorporation please get in touch with us at info@hje.uk



HOW MUCH TAX DO I PAY ON DIVIDENDS?

In this tax year (2018-19), there is a 0% tax rate that applies to **the first £2,000** you receive. This is called the tax-free dividend allowance. The allowance **has been cut from £5,000 in the 2017-2018** tax year.

Above this allowance the tax you pay depends on which income tax band you're in.

The table to the right shows the different dividend tax rates for basic, higher and additional-rate taxpayers.

Income tax band	Tax rate on dividends over your allowance
Basic-rate	7.5%
Higher-rate	32.5%
Additional-rate	38.1%

If your only income is from investments, then you can also use your tax-free personal allowance before you start paying tax on dividends.



NHS PENSION SCHEME ANNUAL PENSION ALLOWANCE STATEMENTS

From the tax year commencing 6 April 2016, for those earning over £150,000, the Annual Pension Allowance limit of £40,000 is reduced on a tapering basis [i.e. for every £2 of 'adjusted' income above £150,000, an individual's annual allowance will reduce by £1 to a minimum allowance of £10,000].

For those in the NHS Pension Scheme, if you believe that you may be affected by the Annual Pension Allowance limit you will need to obtain a copy of your "NHS Pension Scheme – Annual Allowance Pension Savings Statement for the relevant tax year.

If you have not received your "NHS Pension Scheme - Annual Allowance Pension Savings Statement" for 2016/2017 and 2017/2018 you can con-

tact the NHS Pensions Agency direct on 0300 330 1346 (please quote your NHS Pension membership number) and request the Statement.

If a member wishes to make a "**Scheme Pay**" election, by which the Pension provider will pay some or all of any Annual Allowance charge, we remind you that the deadline for submitting an election for 2016/17 tax year will be **31 July 2018**.



TYPE 2 PENSION CERTIFICATE – DO YOU NEED TO COMPLETE?

If you are a salaried GP or a long term locum for any period during a NHS pension scheme year have you completed an annual "Type 2 Medical Practitioner self-assessment of tiered contributions"?

You are obliged under the Pension Regulations to complete this form annually in order ensure you have paid the correct tiered contributions across all posts.

If you'd like to assistance in the completion of the certificate please get in touch with us at info@hje.uk

MAKING TAX DIGITAL (MTD)

Making Tax Digital will come into effect for VAT returns for VAT periods starting on or after 1 April 2019.

What does this mean?

Businesses with turnover above the VAT threshold (currently £85,000) will have to:

- ◆ Keep records digitally (for VAT purposes only) and
- ◆ Provide their VAT return information to HMRC through MTD compatible software

The software must be capable of connecting to HMRC systems via an Application Programming Interface (API). Software suppliers are still in the stages of producing necessary software.

If you'd like to more information in relation to MTD please get in touch with us at info@hje.uk



Making Tax Digital

TAX LEGISLATION—WHAT'S NEW?

CHANGES TO TAX RELIEF ON MORTGAGE INTEREST FOR RESIDENTIAL LANDLORDS

The tax relief that landlords of residential properties get for finance costs will be restricted to the basic rate of Income Tax. This will be phased in from 6 April 2017 over a 4 year period.

WHO - Residential properties only where the landlord is an individual or partnership;

WHEN - Staggered introduction commencing for the tax year 2017/18 and to being fully implemented by 2020/21;

WHAT is finance cost? mortgage interest, interest on loans to buy furnishings and fees incurred when taking out or repaying mortgages or loans.

CHARITABLE GIVING

Gift Aid - A much forgotten tax relief! Charity reclaims basic rate tax at 20%

In addition to the charity benefiting, an individual paying tax at the higher rate (40%) can get an effective 25p tax relief for every £1 donated, rising to 31p for an additional rate (45%) taxpayer

There is an effective 50% tax relief for taxpayers with taxable income between £100k and £123.7k due to the recovery of some of their personal allowance in addition to the higher rate tax relief

Charitable donations made before the 31 January tax filing deadline (and before the tax return is filed) may be carried back and relieved in the previous tax year.

Examples - regular gifts made via standing order or direct debit, one off donations, sponsoring individuals raising money for charity e.g. on Just Giving/Virgin Money etc., cash gifts given to bucket collections, buying a Poppy, television appeals e.g. Comic

Relief/Children in Need etc etc..

SO keep a record of **all** charitable donations made including cash gifts, it will be worthwhile.

CASH BASIS FOR LANDLORDS – WHAT DOES IT MEAN?

From 6 April 2017 landlords with a turnover of less than £150,000 will be required to prepare accounts on a simpler cash basis. Individual landlords will need to take care when preparing their 2017-18 income tax returns, because the cash basis will automatically apply if certain conditions are met and must be opted out of, if the landlord wishes to continue calculating taxable profit on the previous accruals basis.

How does it work? You would only be taxed on income when it was received, so there is no need to worry about amounts owed to you or having to make any bad debts provision. Conversely, you only get relief for expenses when they are paid – so delays in paying your suppliers would increase your profits and tax liability.

Does it affect me? Please contact us and we will be happy to advise info@hje.uk

MINIMUM PENSION CONTRIBUTIONS INCREASED FOR EMPLOYEES FROM APRIL 2018

On 6 April 2018, employers must have increased the amount of their minimum contributions into their staff's automatic enrolment pension to at least 2% of qualifying earnings. Members of staff will have to pay the shortfall needed to make the total minimum contribution up to 5%, including your client's contribution.

You don't need to take any further action if you don't have any staff in a pension scheme for automatic enrolment, or if they are already paying above the increased minimum amounts.

WELSH TAXES

HMRC will not accept Stamp Duty Land Tax (SDLT) returns for land and property transactions in Wales with an effective date of transaction on or after 1 April 2018, instead the Welsh Revenue Authority (WRA) will collect and manage Land Transaction Tax (LTT) from land and property transactions in Wales.

The WRA has also published a [dedicated tax calculator](#). For information on LTT rates and bands visit the [Welsh Government website](#).

Conveyancers and solicitors representing people buying and leasing property and land in Wales will need to register on the WRA website before filing a tax return. The WRA is encouraging businesses to sign-up at least 10 days in advance of the first transaction

If you require further guidance relating to any of the above we will be happy to help

Tel: 029 20 814084 or

info@hje.uk



**HM Revenue
& Customs**

HJE
Garth House
7 Ty Nant Court
Morganstown
Cardiff
CF15 8LW

Phone: 029 20 814084
Fax: 029 20814085
E-mail: info@hje.uk
 @HJEaccountants
 HJE Healthcare Accountants



HJE Healthcare Accountants

www.hje.uk

We are a firm of Chartered Accountants which was established over 20 years ago. Whilst we act for clients in a number of different business sectors we specialise in providing accountancy and advisory services to individuals and businesses within the healthcare sector. We currently act for approximately 650 clients, of which over 550 are GPs in general practice, GP locums, salaried GPs, hospital doctors, hospital consultants or dentists.
