Newsletter

Practical Business Solutions.

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THE RIGHT ADVICE FOR YOUR BUSINESS

IN THIS ISSUE

BREXIT – what's the current advice?

There is a great deal we don't know but there are some things we can prepare for:

1. You'll need an Economic Operator Registration and Identification (EORI) number starting with GB to continue exporting or importing goods.
2. You may need a licence or to follow special rules to export restricted goods or to sell certain services abroad.
3. You can apply to use 'transitional simplified procedures' to reduce the amount of information you need to give at the border.
4. You may also be able to use the Common Transit Convention (CTC) to simplify how your goods pass through customs and when you pay customs duties.
5. Set up a duty deferment account if you want to be able to make one payment of customs duties a month instead of paying for individual shipments.
6. You will need other licences and permits, depending on the countries you're driving to or through.

Your driver will need copies of:

- any export licences
- the Movement Reference Number (MRN) from the export declaration - if you're moving goods after a no-deal Brexit
- the MRN and the Local Reference Number (LRN) - if you're moving goods under the Common Transit convention (CTC)
- the ATA Carnet document - if you're moving goods out of the UK temporarily
- the TiR Carnet document - if you're moving goods in a sealed load compartment with a seal number

The exporter should be able to give all of these to you.

Changes to the Employment Allowance in 2020

FAST FACTS

April 2020

£3000 EA

Claim It

FOR MORE INFORMATION

Contact Bicknell Business Advisers

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In April 2020, the government are planning to make changes to the employment allowance. Since 2014 many businesses have been able to claim £3,000 per year as a deduction against Class 1 NI, but from April things are changing!
Here is a quick summary

1. Employers won't automatically qualify for the EA (Employment Allowance) and must claim it each year. This will mean submitting a declaration confirming that you've checked and qualify by meeting the eligibility conditions.

2. Employers with more than £100k of Class 1 NI won't qualify

3. Connected employers won't qualify – sharing staff, premises or other resources

4. EA will be counted as State Aid and the maximum state aid allowed is 200,000 euros

So even if items 2 to 4 don't apply, item 1 will apply to every business wanting to make a claim.

Principle Private Residence

Principle Private Residence Relief (PPR) is useful relief that saves you capital gains tax (18% for basic rate taxpayers and 28% for higher rate taxpayers) on your main residence, but how does it work, let's take a basic example

Property Purchase Date 30/04/2005
Property Purchase Price £100,000
Date Moved Out 30/10/2014
Letting Start Date 01/11/2016
Date Sold 31/10/2018
Sale Price £200,000

Capital Gains tax calculation
Sale proceeds 31/10/2018 £200,000
Cost (assuming no improvements) -£100,000

Gross capital gain **£100,000**
Reliefs available
Principle Private Residence Relief

Actual Occupation 9.5 Years
Started 30/04/2005
Ended 30/10/2014

Plus, last 18 Months of Ownership 1.5 Years
The Property was empty prior to letting
Up to 18 months could be by 'absence for any reason'

Total period where private residence relief is available 11.0 Years

Total Period of ownership 13.5 Years

Principle private residence relief
£100,000 x (132 mths/162 mths) £81,481

Gain after principle private residence relief **£18,519**

Letting Relief
01/11/2016 to 31/10/2018 2.0 Years

Lettings relief is the lower of
1. £40,000 statutory maximum
2. £81,481 the principle private residence relief in this example
3. The gain for the letting period

Gain attributable to letting 2/13.5 x £100,000 £14,815
This is the lowest figure

Capital gain after reliefs **£3,704 (£18,519 - £14,815)**
Annual Exemption for 2018/19 £11,700

So, in this example there is no tax to pay

For further details see the HMRC Helpsheet 283

Legislation will be introduced in Finance Bill 2019-20 amending sections 222 to 224 TCGA. These changes will:

reduce the final period exemption from 18 months to 9 months (there are no changes to the 36 months that are available to disabled persons or those in a care home)

clarify the rules concerning the transfer of residential properties between spouses or civil partners – those rules will make clear that where an individual transfers all or part of an interest in a residential property that they own to their spouse or civil partner, the receiving spouse or civil partner will inherit the transferring spouse's or civil partner's previous history of use of that property, resulting in a fairer outcome

Let’s Party

It’s Party Time….

Everyone loves a Christmas Party, but I am sure you employees would prefer it to be tax free, so let’s have a quick recap on the rules.

HMRC have an Exemption (not an allowance) of £150.

- *available to employees generally or*
- *available to employees generally at one location, where the employer has more than one location.*
- *If the employer provides two or more annual parties or functions, no charge arises in respect of the party, or parties, for which cost(s) per head do not exceed £150 in aggregate.*

The figure of £150 is not an allowance. For functions that are outside the scope of the exemption directors and employees, except those in an excluded employment, are chargeable on the full cost per head, not just the excess over £150, in respect of:

- *themselves and*
- *any members of their family and household who attend as guests.*

The cost of the function includes VAT and the cost of transport and/or overnight accommodation if these are provided to enable employees to attend. Divide the total cost of each function by the ***total*** *number of people (**including non-employees**) who attend in order to arrive at the cost per head.*

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