



News From South London's Favourite Tax Accountant

Professional accountancy & tax advice for individuals & SME's

Autumn 2021



WELCOME

Welcome to Taxfile's Autumn Newsletter for 2021. One of our biggest yet, it includes useful tax- and accountancy-related news that you need to be aware of, ways to save time or money – and more. *Take a look!*

QR Codes

You'll find QR codes throughout this newsletter. These are a quick and easy way to access further information about the topic. Simply point your mobile camera phone at a QR code and then open the link that pops up. Your mobile's browser will then take you straight to the information page.



New Opening Times

Some of our tax agents and accountants are taking a little time off* at this time of year and others work from home from time to time. So, until later in the year, our opening hours are as follows:

- Mondays: 9am-6pm
- Tuesdays: 9am-5pm
- Wednesdays: 9am-4pm
- Thursdays: 9am-3pm
- Fridays: 9am-2pm
- Weekends: closed

Please note the new opening times if requiring tax returns, other accounting work, or when dropping off your records. It's always best to call ahead or make an appointment in any case, to avoid disappointment or a wasted trip.

Call 020 8761 8000 or book in free at taxfile.co.uk/6



**If you need something done at short notice, rest assured it can be picked up and dealt with by other members of the team if you're usual tax agent is taking a break.*

Our opening times will revert back later in the year (keep track via the footer at taxfile.co.uk).

Guy Bridger

Until October, Guy is also taking a temporary step back from the day-to-day running of the taxes and accounts service. However, key staff members like Julie, Faiz, Eveline, Ewelina, Ali, and Danny (etc.) will take the reins for him until then. Guy will be back, as usual, in October.

It's Tax Return Time! Act Fast & Avoid the Rush!

Now is the time to begin preparing records for your tax return for the financial year ending 5th April 2021.

If you've already done it, no problem. Chances are, though, you need to submit a tax return — and the deadline for that is early in the New Year. However, please don't leave it until then because then you'll be one of the millions who have left it until the last minute and getting any professional help in January will be harder than at any other time in the year. You'll also probably have to pay more because accountants and tax agents around the UK will be working double shifts and paying staff overtime rates just to keep up with the demand. You can get a discount if you come to see us earlier than usual — see below.

Act Fast & Get a 5% Discount!

Tax return and accounts clients who come in **2 months earlier than usual** (based on an average date over the past three returns) will qualify for a price reduction if the work required is similar to last year. The reduction will run until 30 October 2021.

So, if you are a tax or accounts client, bring us your work 60 days earlier than you have done in previous years in order to be eligible for this 5% discount. Call 020 8761 8000 or book your appointment with us at taxfile.co.uk/6



Refer A Friend & Get a Discount!

If you know someone who needs help with their tax or accounts, please refer them to Taxfile and we'll be eternally grateful. To show our appreciation, we'll give you a discount if you refer someone who later becomes a paying customer of Taxfile. So, it's a win-win!

RECOVERY LOAN SCHEME

The Recovery Loan Scheme

Earlier this year, the Government introduced the *Recovery Loan Scheme*, which replaced the *Bounce Back Loan Scheme (BBLs)* as a way of financing UK businesses as they recover from the pandemic. Under the new scheme, loans or overdrafts between £25,001 and £10M can be applied for (for up to a 3-year period). The APR will be dependent on the duration.

The Government guarantees 80% of the finance to the lenders, meaning the necessity of credit checks on the business are negated. However, as the borrower, you are still 100% liable for the debt. You can apply for a loan if your business:

- is trading in the UK;
- would be viable were it not for the coronavirus pandemic;
- has been adversely impacted by the coronavirus pandemic;
- is not in collective insolvency proceedings.

The scheme is open until 31 December 2021.

More detail, including how to apply, is available at taxfile.co.uk/13 Call Taxfile on 020 8761 8000 or scan the QR code on your mobile phone for more information.



Tax Enquiry Fee Protection Service

Taxfile clients are eligible for our 'Tax Enquiry Fee Protection Service' when they file their tax returns through Taxfile by the statutory deadline. So, if you're investigated by HMRC, our fees to sort it out are covered, potentially saving you hundreds. Ask us for full details & conditions etc. Call: 020 8761 8000.



Why You Need a Personal Tax Account (PTA) at HMRC

Every UK citizen should have a Personal Tax Account (PTA) on the Government website. Once opened, it's by far the easiest and quickest way to check your current National Insurance (NI) position, to see whether there are any gaps and to make sure you are registered properly. Any gaps in Class 2 National Insurance contributions could adversely affect your State Pension when the time comes, so this is important.

From your Personal Tax Account, you can also:

- Check your PAYE tax code, see an estimate of the Income Tax you'll pay and more;
- Fill in, send and view a personal tax return;
- Claim a tax refund;
- Check your income from employment in the previous 5 years;
- Check how much Income Tax you paid in the previous 5 years;
- Check and amend your Tax Credits record;
- Check or update benefits you get from work, for example company car details and medical insurance;
- Check or update your Marriage Allowance;
- View an entire history of your National Insurance (NI) contributions;
- Check when you can claim your State Pension;
- See a forecast of how much you may receive for your State Pension when the time comes;
- Update your personal details e.g. change of address etc.;
- Track the progress of any forms and letters that you've submitted online and see when you might expect a response from HMRC;
- Find your National Insurance number;
- And more — HMRC add more services regularly.

Sign up at gov.uk/personal-tax-account or visit taxfile.co.uk/18

for much more detail about opening and accessing a PTA and what information you'll then have access to. Alternatively, scan this QR code with your mobile phone camera and click the link that pops up to go straight there.



Do You Need to Register for VAT?

When it comes to choosing the correct date from which a business or individual must be VAT registered, a common misconception is that it's governed by the volume of sales within any given tax year. Here, we'll set the record straight.

You may be thinking that your sales this year have not reached £85,500 – so you're safe not to register until next year. This is not the case. The compulsory registration date is calculated by a *rolling* formula – that within **any** consecutive 12 month period, if the sales either hit this amount or are expected to exceed it, then *that* will be the date your VAT registration should begin.

Once the £85,500 figure has been reached, you then only have 30 days in which to apply for your VAT registration. You could face penalties if you register late and indeed may be liable for the proper VAT amount due, even if you didn't charge it to your customer (having registered too late). **Learn much more about the topic of VAT registration at taxfile.co.uk/vat**

Taxfile can help with all areas of Value Added Tax ('VAT') from initial VAT Registration with HMRC, to quarterly VAT returns, regular VAT accounting and bookkeeping. So, if you need help with accounting for anything VAT-related, Taxfile are here to help you. Perhaps you're unsure whether you need to be VAT registered — or when to register. Perhaps you don't have time to do your own VAT returns. Or maybe you are confused by the VAT rules now that the UK has left the EU. **Whatever your VAT issue, Taxfile can help. Call 020 8761 8000 (extension 304, 307 or 446) or see taxfile.co.uk/vat for more information.**



Any Queries?

Telephone:
020 8761 8000

or Email:
info@taxfile.co.uk



Limited Company or Self-Employed – Which is Best?

Many people who run their own business wonder whether it's best to be set up as self-employed or as a limited company. Well, there are advantages and disadvantages to both. Here, we explain:

The major difference between running a private limited company and being self-employed are the administrative requirements required by law. A limited company will need to keep company records, report any changes to Companies House & HMRC and file an annual company tax return along with the company's annual accounts, giving an undistorted view of its finances. That's more than is needed for the self-employed.

However, although the volume is more when running a limited company, the data contained within those returns is pretty similar to being a self-employed sole trader. What's more, although the accounting costs are usually more for a limited company, being limited can have *some* tax advantages, which may sometimes offset some of the additional costs. That can be more likely when earnings are higher.

Being a limited company also has other benefits, including a limited personal liability should the company run into difficulty and greater perceived professionalism. Indeed, some B2B companies will *only* trade with other limited companies.

At Taxfile we can help deliver advice and support for small-to-medium sized businesses. We are accountants and compile and file full company accounts for customers ready for the shareholders, people of significance to the company, Companies House and HMRC, as part of the company tax return. We can assist with bookkeeping and bank reconciliation too, to ensure that your accounting records are complete and include everything eligible in order to offset tax. We also compute Corporation Tax, VAT and organise payroll and filing of P11Ds.

If you would like help and advice about forming or maintaining a private limited company, please call us on 020 8761 8000 or learn more about the topic at taxfile.co.uk/14 (Alternatively, scan the QR code using your mobile).



Do Directors Need to File Self-Assessment Income Tax Returns?



Where all of a director's income is taxed at source and there are no other sources of income, then there is no need to register for self-assessment and to file a return. So if you are a director and have been asked by HMRC to submit a self-assessment tax return, but have no other taxable income to report, then you can request for that notice to file to be withdrawn.

However, if you meet any one of the following conditions then you must submit a tax return to HMRC:

- You are repaying a Student Loan (unless already accounted for in your PAYE);
- You receive Child or Bereavement Benefit (unless already accounted for in your PAYE);
- You are receiving interest from shares, funds, & other investments;
- You are receiving foreign income;
- You are receiving rental/lettings income;
- You are receiving dividends.

The dates are independent of your company's accounting period and run from 6th April through to 5th April the next year, with the submission and monies being due no later than the following 31st January.

It is wise not to leave filing your self assessment tax return until the last minute. Taxfile we can help you get your figures correct, so you only pay the necessary amount of tax. If we do your company accounts, please make sure we get any information about other sources of income in ample time.

Call us on **020 8761 8000** for more information or to arrange processing of your Self-Assessment Income Tax return(s).

How to Ensure You Pay the Right Amount of PAYE

If you are paid through PAYE, HMRC will send out a P800 tax calculation form after the tax year ends on 5 April. You should receive this by the end of the following November. This will show how much tax is due to be refunded, or is owed to you for previous years.

If Taxfile is handling your company's payroll and your PAYE payments, we will handle all of this for you. Call **020 8761 8000** for more details.

Tax thresholds for 2021-2022

If you are an employee, income tax is usually paid through the 'Pay As You Earn' system, or 'PAYE' for short. PAYE is calculated based on how much you earn and whether you are eligible for the personal allowance.

Standard Rate PAYE income tax is charged at 20% of income above your personal allowance of £12,570. This is signified by tax code 1257L.

Higher Rate: For most, income over £50,270 up to £150,000 is taxed at 40%.

Additional Rate: Income above £150,000 is taxed at 45%.

Taxfile offers a full payroll service for employers/employees of limited companies, including handling of PAYE, National Insurance (NI), deductions for workplace pensions (auto-enrolment) and much more. Call **020 8761 8000** for a quote or for more details.

What is the Employment Allowance?

The Employment Allowance allows certain businesses that employ workers to reduce their annual National Insurance (NI) bill by up to £4,000 (for the 2021/22 tax year). Eligible businesses can claim a reduction against their employer's Class 1 NI liability up to a maximum of £4,000 each tax year. You can still claim the allowance if the liability was less than £4,000 in a tax year.

You can't claim if you're a company with only one employee paid above the Class 1 National Insurance Secondary Threshold (£8,840 for the 2021/22 tax year, up from £8,788 for the 2020/21 tax year) if that employee is also a director of the company.

If Taxfile is handling your company payroll, we will, of course, also ensure your company receives your Employment Allowance if eligible. Call **020 8761 8000** for more details.



We Support Most Accounting Software Packages

Do you use accounting software for your business? If so, we also know our way around packages like Sage, QuickBooks, Xero, FreeAgent, VT, Forbes, Moneysoft, and many more. That means we can help you more easily with your bookkeeping, payroll, accounting, tax, VAT, National Insurance, auto-enrolment and basically anything to do with accountancy and tax. Don't worry if your accounting software is not listed, those are just a few examples. If you'd like to discuss the many options for your business tax and accounting needs, call **020 8761 8000** or book a free appointment at taxfile.co.uk/6



Domestic Reverse Charge for the Construction Sector

The Domestic Reverse Charge (DRC) for the construction sector came into effect on 1st March 2021. If you are VAT registered & your work falls under the Construction Industry Scheme (CIS) then, from the 1st of March 2021, you will need a written declaration from your contractor that they are classified as an 'end user'. (Simply put, an end user is the land owner or an intermediary company with a direct link to the land owner). If they are classified as the end user then nothing changes and VAT will be paid to you to then declare on your VAT returns.

However, if you are not working for the end user, the VAT will not be paid to you and it will be your contractor's responsibility to declare the VAT from your invoice to HMRC.

If you are on a flat rate scheme and some or all your work falls under the DRC then we advise you to consider writing to HMRC and cancelling your flat rate scheme for VAT. If the majority of your work is not for the end user, then most definitely do this immediately or call Taxfile and we can advise you.

If you need help understanding the DRC and how it applies to you, then please contact us on 020 8761 8000. We specialise in accountancy, payroll, VAT and tax for the construction sector, including calculating and submitting Making Tax Digital (MTD) compliant VAT returns for numerous sole traders and limited companies. Call **020 8761 8000** or scan this QR code on your mobile for more information.



Any Queries? We Can Help With Any Tax Issue!

If you have any tax, VAT or accounting-related queries, we'll be happy to help. We work over 18,000 hours per year helping clients just like you. We have dedicated staff, great office locations around London and the South West and you have well over 100 years worth of tax and accounting experience at your disposal.

For any queries or tax-related issues that you need professional help with, please get in contact on **020 8761 8000** or book an appointment at taxfile.co.uk/6 and we'll be happy to help.

New Rules for Capital Gains on Residential Property

New rules have now come into force in relation to capital gains made on disposals of UK residential property. Several key actions are now required if a taxable capital gain has arisen, including some that now need to be made quickly:

- Taxpayers need to report the property's disposal within 30 days of the actual disposal;
- They will need to pay the estimated Capital Gains Tax ('CGT') to HMRC within 30 days of the disposal;
- Those who fill in and submit a Self-Assessment tax return will also need to include details of the disposal on their return.

The new rules apply whether you're an individual, joint property owner, trustee, partner in a partnership or LLP, or a personal representative.



Find out more about the new CGT rules on gains from residential property at taxfile.co.uk/15 or scan this QR code on your mobile. The article includes exceptions, the reporting procedure, deadlines, late payments, allowable losses & exemptions, and more.



Do You Need to Make a Disclosure to HMRC?

If you need to declare taxable income that has, until now, not been declared to HMRC, it's better to come forward voluntarily than to wait until HMRC comes looking for you.

For example, perhaps you have overseas assets that are undeclared in regard to income tax, capital gains tax or inheritance tax. If so, you may face high penalties and sanctions from HMRC if you do not come forwards to declare them.

Bear in mind that the United Kingdom has an information exchange in place with other countries around the world. The information it receives all gets funnelled into an intelligence system known as Connect. This advanced system vastly increases the likelihood of undeclared overseas sources of income coming to light.

The good news is that Taxfile can help you with disclosures. For help, call us on 0208 761 8000 for more information or a free, no-obligation discussion about how to put things right. Book an appointment at taxfile.co.uk/6 or, for much more detail about making disclosures for undeclared overseas assets, see taxfile.co.uk/16 (or scan the QR code with your mobile).



Private Residence Relief (PRR) & Letting Relief

Private Residence Relief (PRR) is a Capital Gains Tax (CGT) relief that can reduce the amount of CGT payable to HMRC following a gain on disposal of a residential home. PRR applies to landlords selling a property where, in the past, they have used that property as their main place of residence. Various conditions must be met in order to be eligible for the relief. Taxfile can advise you about this if you need help claiming it. Learn more about Private Residence Relief at taxfile.co.uk/17



As a landlord, if you qualify for PRR but are only eligible for partial relief, then you may also be able to claim Letting Relief. Letting Relief can currently be claimed if you used to live in the property being sold, and have also let out part or all of it for residential accommodation. Again, various conditions apply in order to be eligible.



Learn more about PRR and Letting Relief at taxfile.co.uk/22 or call 020 8761 8000.

Need Any Help?

Call 020 8761 8000

Email: info@taxfile.co.uk

For Personal Taxes (Tulse Hill, London):

Tulse Hill Branch: 25 Thurlow Park Road, Tulse Hill, London SE21 8JP. | www.taxfile.co.uk

For Business Accounts & Taxes (Dulwich, London):

Dulwich Branch: The Studios, 11a Turney Road, London SE21 8LX. | www.filetax.co.uk

For Tax & Accounting (South West Office):

Devon & Cornwall Correspondence address: 2 Victoria Road, Topsham, Devon EX3 0EU.
www.guybridger.com

Opening hours:

Mondays: 9am-6pm, Tuesdays: 9am-5pm, Wednesdays: 9am-4pm,
Thursdays: 9am-3pm, Fridays: 9am-2pm, Weekends: closed

Key Contact No's:

If you know who is dealing with your tax affairs at Taxfile, contact them direct:

Ali: 0208 761 8000

(for VAT, bookkeeping, tax computations & submissions for the self-employed, SMEs & limited companies)

Dominika: 0208 761 8000

(for limited company accounts, VAT returns, bookkeeping & personal tax)

Ewelina: 020 8655 7892

(for the self-employed, landlords & for 'disclosures')

Faiz: 020 8655 7891

(for sub-contractors & the self-employed)

Guy: 07766 495 871

(for more complex tax issues, on leave until Oct).

Julie: 0208 761 8000

(for sub-contractors & the self-employed)

Sue: 07702 882 030

(for VAT, bookkeeping, CIS returns)