

Monthly Update | July 2018

Welcome to our monthly tax newsletter designed to keep you informed of the latest tax issues. We hope you enjoy reading the newsletter; remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Best wishes

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New VAT Rules For Building Trade In 2019

Under new rules due to come in on 1 October 2019 builders, sub-contractors and other trades associated with the construction industry will have to start using a new method of accounting for VAT.

The measure is designed to combat VAT fraud in the construction sector labour supply chain which HMRC argue presents a significant tax loss. HMRC has now published draft legislation to introduce the Reverse Charge for Construction Services.

Under the proposed new rules, supplies of standard or reduced-rated building services between VAT-registered businesses in the supply chain will not be invoiced in the normal way.

Under the reverse charge a main contractor would account for the VAT on the services of any sub-contractor and the supplier does not invoice for VAT. The customer (main contractor) would then account for VAT on the net value of the supplier's invoice and at the same time deducts that VAT - leaving a nil net tax position. This is intended to ensure that VAT is correctly accounted for on supplies by sub-contractors.



Construction Work Affected

The reverse charge will apply to a wide range of services in the building trade, including construction, alteration, repairs, demolition, installation of heat, light, water and power systems, drainage, painting and decorating, erection of scaffolding, civil engineering works and associated site clearance, excavation, and foundation works. The definitions have been lifted directly from the CIS legislation.

Monthly Update | July 2018

Excluded Works

Professional services of architects or surveyors, or of consultants in building, engineering, interior or exterior decoration or in the laying-out of landscape are not covered by the new rules. The draft legislation sets out other work to which the reverse charge does not apply.

It is hoped that the legislation and guidance will be finalised by October 2018 to allow businesses at least 12 months in which to make the necessary changes to systems. Please contact us if you are likely to be affected by these changes and we can work with you to ensure you are ready for the new system.

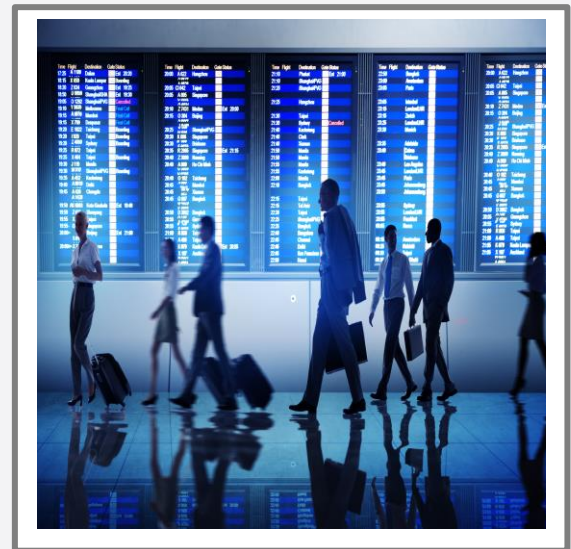
Short-Term Business Visitors

HMRC are consulting on ways to simplify the tax treatment of short-term business visitors from the foreign branch of a UK company, to ensure the UK is an attractive location for business headquarters.

The consultation considers potential changes to the PAYE arrangements under which UK employers need not operate PAYE for employees of their overseas subsidiaries on short stays in the UK. This treatment does not currently apply to visits to the UK by employees from overseas branches of UK companies.

The consultation proposes two broad options:

- Extending the UK workday rule from 30 to 60 days.
- Introducing a new tax exemption for short-term visitors from overseas branches.



Trust Taxation

We are still awaiting the promised consultation on the taxation of trusts announced in the Autumn 2017 Budget. However, in the meantime HMRC have updated their guidance on how different types of trust income are taxed, what management expenses and reliefs can be deducted, and understanding the tax pool.

Please contact us if you are considering setting up a trust or wish to discuss estate planning more generally.

Monthly Update | July 2018

Advisory Fuel Rate For Company Cars

These are the suggested reimbursement rates for employees' private mileage using their company car from 1 June 2018.

Where there has been a change the previous rate is shown in brackets.

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p		7p
1600cc or less		10p (9p)	
1401cc to 2000cc	14p		9p (8p)
1601 to 2000cc		11p	
Over 2000cc	22p	13p	14p (13p)

Note that for hybrid cars use the equivalent petrol or diesel scale charge. However, it may be more beneficial to compute the actual cost.

You can continue to use the previous rates for up to 1 month from the date the new rates apply.

Diary Of Main Tax Events

July/ August 2018

Date	What's Due
1/07	Corporation tax for year to 30/9/17 (unless pay quarterly)
5/07	Deadline for agents and tenants to submit returns of rent paid to non-resident landlords and tax deducted for 2017/18
06/07	Deadline for forms P11D and P11D(b) for 2017/18 tax year
19/07	PAYE & NIC deductions, and CIS return and tax, for month to 5/7/18 (due 22/07 if you pay electronically)
31/7	50% payment on account of 2018/19 tax liability due
1/08	Corporation tax for year to 31/10/17 (unless pay quarterly)
19/08	PAYE & NIC deductions, and CIS return and tax, for month to 5/8/18 (due 22/08 if you pay electronically)