

Monthly Update | April 2019

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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No tax changes announced in Spring Statement



Despite the continuing uncertainty surrounding Brexit the Chancellor delivered his Spring Statement on 13 March. The purpose of this statement is to update the House of Commons and the country on the state of the economy; it is not intended to include any major tax announcements, and none were made by the Chancellor.

As already announced, the personal allowance and the higher rate tax threshold will increase on 6 April 2019. The personal allowance rises to £12,500 and the basic rate band to £37,500, which means that for most taxpayers the higher rate tax threshold will be £50,000. These thresholds were due to come into effect from 6 April 2020 but the Chancellor

announced that the start date would be brought forward by one year. Note that the limits will then remain the same for 2020/21.

Personal service company changes from April 2020

In the Autumn Budget the Chancellor announced that the "off payroll" workers rules that currently apply in the public sector would be rolled out to the private sector in 2020. The government have now issued a consultation paper that sets out proposed tax and national insurance changes that will impact on those supplying their services through personal service companies.

End users will be required to determine whether the rules apply to the services provided by the worker via his or her personal service company. This will be a significant additional administrative burden on the large and medium-sized businesses who will be required to operate the new rules. The current CEST (Check Employment Status for Tax) online tool would be improved before the proposed start date.

No change for "Small" Employers

"Small" businesses will be outside of the new obligations and services supplied to such organisations will continue to be dealt with under the current IR35 rules with the worker and his or her personal service company effectively self-assessing whether the rules apply to that particular engagement.

The definition of "small" has been widely awaited and the Government have confirmed that it intends to use the existing Companies Act 2006 definition.

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That is where the business satisfies 2 or more of the following features:

- Annual turnover of £10.2 million or less
- Balance Sheet total of £5.1 million or less
- 50 employees or less

The new obligations to determine whether the rules apply, deduct tax and national insurance, and report payments under RTI will apply to the agency or intermediary making payments to the personal service company where the end user is large or medium-sized. There will be an obligation to pass details of the status determination up and down the labour supply chain.

The liability for tax and national insurance will be the responsibility of the entity paying the personal service company, however if HMRC are unable to collect the tax from that entity the liability will pass up the labour supply chain thus encouraging those entities further up the supply chain to carry out due diligence to police compliance.

Advisory fuel rate for company cars



In line with recent reductions in fuel prices, HMRC have reduced their suggested reimbursement rates for employees' private mileage using their company

car from 1 March 2019. Where there has been a change the previous rate is shown in brackets.

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p (12p)		7p (8p)
1600cc or less		10p	
1401cc to 2000cc	14p (15p)		8p (10p)
1601 to 2000cc		11p (12p)	
Over 2000cc	21p (22p)	13p (14p)	13p (15p)

Note that for hybrid cars you must use the petrol or diesel rate. You can continue to use the previous rates for up to 1 month from the date the new rates apply. The Advisory Electricity Rate for fully electric cars is 4 pence per mile.

Disguised remuneration loan charge starts April 2019

This new charge will apply to certain loans to directors and employees that are still outstanding at 5 April 2019 and new arrangements put in place after that date.

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The charge affects arrangements involving loans made via Employee Benefit Trusts (EBTs) and similar disguised remuneration schemes adjudged by HMRC and the courts to be tax avoidance and liable to PAYE and National Insurance Contributions.

There are new reporting and payment obligations that come into force for employers using such schemes from 5 April 2019. Where the employer does not pay the tax and national insurance the liability can be passed to the individual who benefited from the loan.

Where the individual concerned had taxable income in the 2018/19 tax year of less than £50,000 they will be able to repay the liability over 5 years, and spread over 7 years if their 2018/19 taxable income of less than £30,000.

Diary of Main Tax Events

April / May 2019

Date	What's Due
1/04	Corporation tax payment for year to 30/6/18 (unless quarterly instalments apply)
1/04	MTD for VAT starts to apply to VAT record keeping and VAT reporting for return periods commencing after this date (unless deferral to 1 October 2019 applies)
6/04	Start of 2019/20 tax year.
6/04	New workplace pension limits apply, 5% from the worker and 3% from the employer, an overall minimum of 8% of earnings
19/04	PAYE & NIC deductions, and CIS return and tax, for month to 5/04/19 (due 22/04 if you pay electronically)
1/05	Corporation tax payment for year to 31/7/18 (unless quarterly instalments apply)
19/05	PAYE & NIC deductions, and CIS return and tax, for month to 5/05/19 (due 22/05 if you pay electronically)