

Monthly Update | July 2024

We hope you enjoy reading this newsletter and 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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General Election 2024 – What Are Main Parties Saying About Tax?

Both the Conservative and Labour parties have pledged not to increase income tax, national insurance or VAT, although the Labour party have pledged to introduce VAT on private school fees. Both parties are committed to clamping down on tax avoidance and evasion which they claim will fund their spending plans. Both of the main parties also claim that removing the remittance basis for non-Doms will yield more tax revenue, although Labour propose to plug loopholes in the Conservative plans.

One tax measure not matched by Labour is the Conservative proposal to raise the personal allowance for pensioners in line with the State Pension triple lock so that none of the State Pension is subject to income tax.

A further announcement in the Conservative party manifesto is a permanent extension of Stamp Duty Land Tax first time buyer relief. If this relief applies, there is no SDLT where the purchase price is no more than £425,000 and 5% thereafter. The relief does not apply where the purchase price is more than £625,000. SDLT first time buyer relief is currently scheduled to end on 1 April 2025.



A measure in the property section of the Conservative manifesto that lacks detail is a proposed 2 year Capital Gains Tax relief where a landlord sells a rental property to the tenant.

The Conservatives claim to be able to save £20bn by making “efficiencies” in the Civil Service.

Labour claim that their proposal to close the “carried interest” tax loophole for general partners in the private equity and venture capital sector will raise £565 million. Such returns are currently subject to CGT at 18% or 28%. This possibly means subjecting carried interest to income tax or aligning CGT rates with income tax rates. However there is no mention of changes to the rates of CGT generally.

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VAT On Private School Fees – Any Planning?

The Institute of Fiscal Studies (IFS) indicates charging VAT on private schools would generate revenue of £1.6bn per year, which Labour claim would fund 6,500 extra teachers.

Many parents have been asking if there is any planning to avoid the 20% increase in private school fees. However, the actual increase may not technically be a full 20% for parents as schools would be able to reclaim some input tax on overheads and property maintenance, potentially off-setting a lower cost base against a slightly higher term fee.



One possible strategy involves pre-paying term fees in advance, often for multiple years rather than pay a term at a time. This strategy relies on accelerating the “tax point” for the service (see below). There may be anti-forestalling legislation, effective from the day of the announcement, but although Labour have stated that any legislation will not be retrospective, the effectiveness of such strategies cannot be guaranteed.

“Tax Point” For VAT

The time of supply is the earlier of:

- the date when the supply is ‘really’ made, referred to as the basic tax point;
- the date when a tax invoice is issued in respect of the supply; and
- the date when payment is received for the supply.

There are a number of refinements to be borne in mind in applying this basic rule, particularly the 14-day rule, and there are also special rules for certain kinds of supply.

If a VAT invoice is issued within 14 days of the basic tax point, the basic tax point can be ignored in fixing the time of supply and the date when the invoice is issued is used instead.

The invoice must be a proper VAT invoice and must be issued by the supplier to their customer.

It is possible to opt out of the 14-day rule, but this must be notified in writing to HMRC.

Form P11D Deadline Is 6 July

As mentioned in the diary of main tax events, form P11D for reporting benefits provided to employees and directors needs to be submitted online by 6 July. The most common benefits provided are company cars, private healthcare and loans at less than the 2.25% HMRC official rate of interest.

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Where company cars are provided there may be an additional taxable benefit where private fuel is provided for the company car. This additional taxable benefit does not apply where private fuel for 2023/24 is fully reimbursed by the employee by 6 July 2024.



Where an employee has use of a “pool car” then there is no taxable benefit and an entry is not required on form P11D. Furthermore, the employer would not be required to pay Class 1A national insurance contributions. The conditions for a car to be treated as a pool cars are very strict and often misunderstood – see below: -

What Is A Pool Car?

The conditions for a company car to be treated as a pool car are set out in the employment income legislation:

- a) the car was made available to, and actually used by, more than one employee,
- b) the car was made available, in the case of each of those employees, by reason of the employee's employment,

- c) the car was not ordinarily used by one of those employees to the exclusion of the others,
- d) in the case of each of those employees, any private use of the car made by the employee was merely incidental to the employee's other use of the car in that year, and
- e) the car was not normally kept overnight on or in the vicinity of any residential premises where any of the employees was residing, except while being kept overnight on premises occupied by the person making the car available to them.

Childcare Accounts Can Subsidise Summer Childcare Costs

If you have children under 12 who attend a nursery, after school club, playscheme or childminder, or you are considering sending them to a summer camp, you should think about setting up a tax-free childcare account. The government adds 25% to the amounts that you save in the account - up to £2,000 for each child - so £8,000 is topped up to £10,000 (a higher amount applies for disabled children).

The account is then used to pay Ofsted registered childcare providers. It doesn't need to be the child's parents paying into the account; uncles, aunts, grandparents and others can also make payments,

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The government have noticed that many families who are eligible for this scheme are yet to set up their accounts, so if you are an employer you could bring this to the attention of your staff to increase the take up.

Parents are not eligible if either of them have adjusted net income in excess of £100,000 for the current tax



DIARY OF MAIN TAX EVENTS

JULY / AUGUST 2024

Date	What's Due
01/07	Corporation tax payment for year to 30/9/23 (unless quarterly instalments apply)
05/07	Last date for agreeing PAYE settlement agreements for 2023/24 employee benefits
05/07	Deadline for agents and tenants to submit returns of rent paid to non-resident landlords and tax deducted for 2023/24
06/07	Deadline for forms P11D and P11D(b) for 2023/24 tax year. Also, deadline for notifying HMRC of shares and options awarded to employees
19/07	PAYE & NIC deductions, and CIS return and tax, for month to 5/07/24 (due 22/07/24 if you pay electronically)
31/07	50% payment on account of 2024/25 self-assessment tax liability due
01/08	Corporation tax payment for year to 31/10/23 (unless quarterly instalments apply)
19/08	PAYE & NIC deductions, and CIS return and tax, for month to 5/08/24 (due 22/08/24 if you pay electronically)