Stamp Duty Land Tax (SDLT) online refund procedures

HMRC have introduced an online service to apply for a repayment of the higher rates of Stamp Duty Land Tax (SDLT) for additional properties if the property sold was previously a main home.

From 1 April 2016 higher rates of SDLT are charged on purchases of additional residential properties.

The main target of the higher rates is purchases of buy to let properties or second homes. However, there will be some purchasers who will have to pay the additional charge even though the property purchased will not be a buy to let or a second home. The 36 month rules set out below will help to remove some transactions from the additional rates (or allow a refund).

Care will be needed if an individual already owns, or partly owns, a property and transacts to purchase another property without having disposed of the first property.

The higher rates are three percentage points above the normal SDLT rates. The higher rates potentially apply if, at the end of the day of the purchase transaction, the individual owns two or more residential properties.

Some further detail:

- where a new main residence is purchased before disposing of a previous main residence the higher rate will be payable. They then have 36 months to dispose of their previous main residence and claim a refund.
- purchasers will also have 36 months between selling a main residence and replacing it with another main residence without having to pay the higher rates.
- a small share in a property which has been inherited within the 36 months prior to a transaction will not be considered as an additional property when applying the higher rates.

The online refund process will allow those affected to apply for a repayment of the higher rate of SDLT if the property sold was a previous main home.

NIFA

Kilby Fox is a member of the NIFA network of independent forensic accountants, based in Northampton and serving the Bedfordshire, Hertfordshire, Cambridgeshire, Buckinghamshire, Oxfordshire and Warwickshire areas.

The NIFA network of independent forensic accountants was created in 1999 by several independent Chartered Accountant firms. Their ambition was to pool the considerable knowledge, expertise and resources from local companies into a nationwide network which would provide an exceptional and cost effective forensic accountancy service.

All accredited members of NIFA also belong to either the Academy of Experts or the Expert Witness Institute, and they all possess many years' experience in providing expert evidence at court and the preparation of expert reports in legal cases, plus the provision of accountancy services to barristers, solicitors, insurance companies, businesses and individuals.

The work of our members can be broadly classified as follows:

- Commercial Litigation
- Matrimonial
- Professional negligence
- Criminal cases
- Share valuation
- Personal injury/fatal accident
- Mediation.

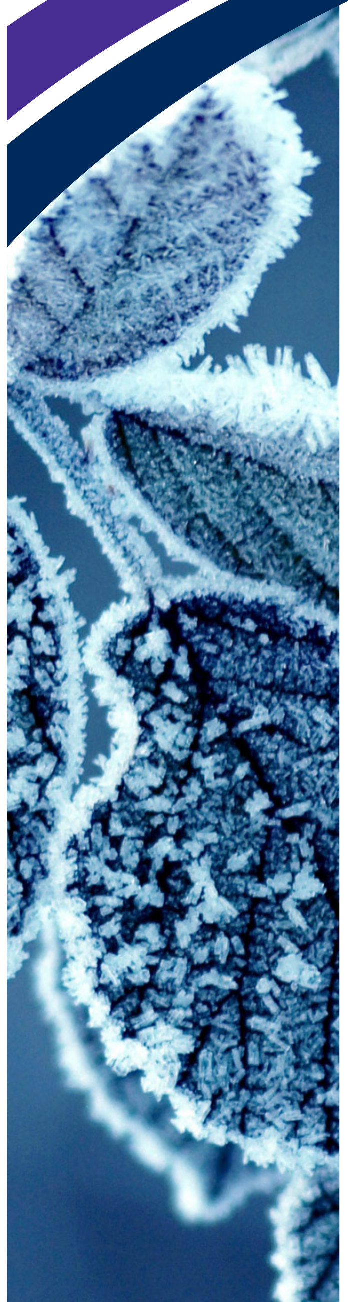
The Network has experienced a 45% increase in cases over the last 5 years. Huge increases have been seen in the number of Share valuation and matrimonial cases. Early involvement of a forensic accountant can save you time and money. NIFA members can help, if you would like to discuss a case, call 0845 609 6091 or email us at advice@kilbyfox.co.uk.

Kilby Fox 4 Pavilion Court 600 Pavilion Drive Northampton Business Park Northampton NN4 7SL.
Tel: 01604 662 670 Fax: 01604 662 681 Email: advice@kilbyfox.co.uk Web: www.kilbyfox.co.uk

Fox Facts

KilbyFox Security in Knowledge
Winter 2017

Welcome to the Winter Issue of Fox Facts!



Welcome to the winter 2016/7 issue of Fox Facts! In this issue we discuss the Autumn Statement delivered by Phillip Hammond on 23rd November 2016. We also look at new advisory fuel rates for company cars, Making Tax Digital and changes to National Insurance.

Fox facts gets sent to over 400 of our clients and contacts, not to mention is free for anyone to download from our website or pick up their copy from our office. So if you are looking to advertise your business please email debbiealford@kilbyfox.co.uk for prices we have available within our future issues of Fox Facts.

We hope you enjoy this issue if you have any questions relating to any of the topics discussed or if you have any feedback on Fox Facts please give our office a call on 01604 662670 alternatively you can email advice@kilbyfox.co.uk.

The Autumn Statement

On Wednesday 23 November the Chancellor Philip Hammond presented his first, and last, Autumn Statement along with the Spending Review.

His speech and the supporting documentation set out both tax and economic measures.

Our summary concentrates on the tax measures which include:

- the government reaffirming the objectives to raise the personal allowance to £12,500 and the higher rate threshold to £50,000 by the end of this Parliament
- reduction of the Money Purchase Annual Allowance
- review of ways to build on research and development tax relief
- tax and National Insurance advantages of salary sacrifice schemes to be removed
- anti-avoidance measures for the VAT Flat Rate Scheme
- autumn Budgets commencing in autumn 2017.

In addition the Chancellor announced the following pay and welfare measures:

- National Living Wage to rise from £7.20 an hour to £7.50 from April 2017
- Universal Credit taper rate to be cut from 65% to 63% from April 2017.

In the March Budget the government announced various proposals, many of which have been subject to consultation with interested parties. Some of these proposals are summarised here. Draft legislation relating to many of these areas will be published on 5 December and some of the details may change as a result.

Our summary also provides a reminder of other key tax developments which are to take place from April 2017. You should have received a hard copy of this summary, however if you didn't and would like one, please contact me on 01604 662670 or at DebbieAlford@kilbyfox.co.uk. Alternatively, this summary can be downloaded from our website. Visit www.kilbyfox.co.uk.

Fox Facts

Inside this Issue........

Making Tax Digital

The government published their responses to the six consultations on making tax digital (MTD).

In response to the consultations the government have decided the following:

- Businesses will be able to continue to use spreadsheets for record keeping, but they must ensure that their spreadsheet meets the necessary requirements of Making Tax Digital for Business (MTDfB). This is likely to involve combining the spreadsheet with software
- businesses eligible for three line accounts will be able to submit a quarterly update with only three lines of data (income, expenses and profit)
- free software will be available to businesses with the most straightforward affairs
- the requirement to keep digital records does not mean that you have to make and store invoices and receipts digitally
- activity at the end of the year must be concluded and sent either by ten months after the last day of the period of account or 31 January, whichever of these is soonest
- charities (but not their trading subsidiaries) will not need to keep digital records
- for partnerships with a turnover above £10 million, MTDfB is deferred until 2020 due to the complexity of their tax affairs.

The MTD consultations also specifically explored the appropriate level of the initial exemption and deferral for the self-employed, landlords and businesses. Given the range of views expressed on this matter from respondents to the consultation, the government has decided to take more time to consider these issues alongside the fiscal impacts. Final decisions will be made before the law is finalised later this year.

In addition, HMRC will begin piloting digital record keeping and quarterly updates for a full year from April 2017, building up to working with hundreds of thousands of businesses and landlords before rolling the services out more widely. The stated aim of this pilot is to ensure the software is user-friendly and give individuals and businesses time to prepare and adapt. Piloting of the system had been recommended by the Treasury Select Committee.

Advisory Fuel Rates

New company car advisory fuel rates have been published which took effect from 1 December 2016. The guidance states: 'You can use the previous rates for up to one month from the date the new rates apply'. The rates only apply to employees using a company car.

The advisory fuel rates for journeys undertaken on or after 1 December 2016 are:

Engine size	Petrol
1400cc or less	11p
1401cc - 2000cc	14p
Over 2000cc	21p

Engine size	LPG
1400cc or less	7p
1401cc - 2000cc	9p
Over 2000cc	13p

Engine size	Diesel
1600cc or less	9p
1601cc - 2000cc	11p
Over 2000cc	13p

HMRC guidance states that the rates only apply when you either:

- reimburse employees for business travel in their company cars
- require employees to repay the cost of fuel used for private travel

You must not use these rates in any other circumstances.

If you would like to discuss your car policy, please contact us.

If you would like to receive earlier editions of **Fox Facts** please contact Debbie on 01604 662 670

National Insurance Changes

At Autumn Statement 2016 the Chancellor confirmed that Class 2 contributions would be abolished from 6 April 2018. Tax campaigners have warned that this abolition from April 2018 could result in the lowest earners among the self-employed being hardest hit.

Class 2 NICs are flat-rate weekly contributions paid by the self-employed to gain access to contributory benefits. The self-employed also pay Class 4 NICs on profits above the Lower Profits Limit. Class 4 NICs do not currently give access to contributory benefits.

At present, self-employed earners whose profits exceed £5,965 a year, the small profits threshold (SPT), are required to pay Class 2 NI contributions at £2.85 a week. These contributions then count towards their state retirement pension and entitlement to certain other contributory benefits. If their profits fall below the SPT, they have the option to make voluntary Class 2 payments.

When Class 2 is abolished, payment of Class 4 NI contributions will count towards state benefits. In order to protect some people on low incomes, Class 4 contributions will not be payable until annual profits reach £8,060. However, as long as profits exceed the SPT, the self-employed will be given Class 4 credits, so they will be treated as making contributions even though none was actually paid.

A point to note though is that, unlike Class 2, Class 4 NI cannot be paid on a voluntary basis meaning that the only way that self-employed people on profits below the Class 4 threshold will be able to build up a contribution record, if they did not obtain NI credits through receipt of other benefits, eg tax credits, child benefit or Universal Credit, will be by paying Class 3 voluntary contributions at £14.10 a week.

Anthony Thomas, Chairman of the Low Income Tax Reform Group commented:

'Some parts of these proposals are good news for self-employed workers on low earnings, but by no means all. Those with profits between £5,965 and £8,060 will be better off because they will pay no NI but be credited with contributions. Our concern is for those with lower earnings than £5,965 who would have to pay voluntary Class 3 contributions in the future to protect their benefits entitlement if they did not obtain NI credits through receipt of other benefits, for example tax credits, child benefit or Universal Credit. Class 3 contributions will cost almost five times the amount they are paying now (£14.10 per week compared to £2.85 per week) and may mean the cost is unaffordable, leading them to rely more on means-tested benefits in the future.'

Follow Us..

@kilbyfox

Like Us

Facebook/ kilbyfox

Connect with Us

Linkedin/ kilbyfox