

July 2017

Dear Client,

In this month's eNews we report on the Queen's speech and the legislative process. We also include articles on recommendations to simplify corporation tax, the extended deadline for returns for employment related securities, the introduction of Land Transaction Tax in Wales and the latest fines and guidance issued by the Information Commissioner's Office following cyber attacks. With HMRC's latest Employer Bulletin and advice on holiday pay and entitlement there is lots to consider.

Best wishes

Alan McCappin – Practice Manager

QUEEN'S SPEECH AND PROPOSED LEGISLATION

The Queen delivered the 2017 Queen's Speech on 21 June which set out the government's agenda for the coming parliamentary session. The speech outlined the government's proposed policies and legislation.

This Queen's speech announced that the government will focus on:

- delivering a Brexit deal that works for all parts of the United Kingdom and
- building a stronger, fairer country by strengthening our economy, tackling injustice and promoting opportunity and aspiration.

The supporting documentation confirms 27 Bills and draft Bills which are expected to be in the legislative programme, which will deliver on these themes. Details of the Bills that the government propose to introduce are available via the links at the end of this article.

The Speech and supporting documentation make little reference to delayed tax measures which were put on hold prior to the Election or the progress of the legislation on Making Tax Digital for Business. The reference to tax legislation states:

'The programme will also include three Finance Bills to implement budget decisions. Summer Finance Bill 2017 will include a range of tax measures including those to tackle avoidance. The programme will also include a technical Bill to ratify several minor EU agreements and further Bills, which will be announced in due course, to effect the UK's withdrawal from the EU. The government will also be taking forward a range of other measures which may not require primary legislation.'

We will update you on developments.

Internet links: GOV.UK summary what it means Speech GOV.UK background notes

SIMPLIFYING CORPORATION TAX

The Office for Tax Simplification has published their recommendations on simplifying the corporation tax computation.

This report sets out some significant steps towards creating a 21st-century corporation tax system in the UK, responding to calls from businesses of all sizes to make the calculation of corporation tax simpler, with fewer changes and more time to plan. The report looks at four broad themes:

- simpler tax for smaller companies
- aligning the tax rules more closely with accounting rules where appropriate
- simplifying tax relief for capital investment
- a range of further issues affecting the largest companies.

We will keep you informed of developments in this area.

Internet link: GOV.UK review CT

EMPLOYMENT RELATED SECURITIES RETURN DEADLINE

HMRC are advising that there have been technical issues with their Employment Related Securities (ERS) annual returns online service. Employers have to complete returns for any schemes that have been registered on the ERS online service, such as Enterprise Management Incentives (EMI), a non-tax advantaged scheme or award, Company Share Option Plan, Save As You Earn Scheme and Share Incentive Plan

HMRC apologise for the difficulties which had prevented some returns from being submitted online. They have confirmed that the service is now working and allowing users to upload the necessary templates and files as part of the return process.

The deadline for filing annual returns is generally 6 July following the end of the tax year, so for the tax year 2016/17 it would usually be 6 July 2017. However, in view of the recent problems HMRC have extended the deadline to 24 August 2017 for the tax year 2016/17.

Penalties for late returns

Due to the change in deadline this year HMRC are advising that:

'Penalties are charged if you file your return late. If your return isn't filed by the extended deadline of 24 August 2017 the first late filing penalty of £100 will be issued on 25 August 2017.'

Additional automatic penalties of £300 will be charged if the return is still outstanding 3 months after the original deadline of 6 July, and a further £300 if it's still outstanding 6 months after that date. If a return is still outstanding 9 months after the 6 July, daily penalties of £10 a day may be charged.'



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If you would like any help or guidance on share incentives or how these should be reported to HMRC please contact us.

Internet link: GOV.UK bulletin

LAND TRANSACTION TAX

From April 2018, Land Transaction Tax (LTT) will replace Stamp Duty Land Tax (SDLT) in Wales. Land and Buildings Transaction Tax (LBTT) already applies in Scotland.

Like SDLT (and LBTT), LTT will generally be payable on the purchase or lease of a building or land. The new tax may therefore be relevant to house buyers and sellers and businesses including builders, property developers and agents involved in the transaction process (such as solicitors and conveyancers).

Rates of the new tax

The proposed tax rates and bands will be announced by October 2017.

Additional residential properties

Higher rates of SDLT and LBTT apply to purchases of additional residential properties, including second homes. The National Assembly for Wales has confirmed these increased rates will continue to apply in Wales under LTT.

More details can be found at National Assembly for Wales.

Internet link: gov.wales/land-transaction-tax

HOLIDAY ENTITLEMENT

Now is the time of year when many of us turn our thoughts to holidays and it is important to get holiday entitlement and holiday pay right.

The June 2017 acas newsletter includes links to useful guidance on calculating holiday and holiday pay entitlements as well as guidance on hot weather working.

The GOV.UK website includes a useful calculator.

If you would like help with payroll matters please contact us.

Internet links: GOV.UK calculator acas newsletter

LATEST GUIDANCE FOR EMPLOYERS

HMRC have issued the latest version of the Employer Bulletin. This edition has articles on a number of issues including:

- P11D and P11D(b) filing and payment deadlines
- Paying the right amount of tax through PAYE
- Construction industry scheme repayment claims for limited companies
- The Apprenticeship Levy and funding of apprenticeship training
- Tax-free childcare rollout including guidance on dealing with employee opt outs of current childcare voucher schemes
- Student Loan employer prompts where deductions have not been made
- GCSEs in England - new grading system explained for employers.

If you have any queries on payroll matters please contact us.

Internet link: GOV.UK Employer bulletin

ICO WARNING AS BUSINESS FINED £60,000 FOLLOWING CYBER ATTACK

The Information Commissioner's Office (ICO) is warning SMEs to take care or face a fine. The warning comes after a company which suffered a cyber attack was fined £60,000.

The investigation by the ICO found Boomerang Video Ltd based in Berkshire failed to take basic steps to stop its website being attacked.

Sally Anne Poole, ICO enforcement manager, said:

'Regardless of your size, if you are a business that handles personal information then data protection laws apply to you.'

'If a company is subject to a cyber attack and we find they haven't taken steps to protect people's personal information in line with the law, they could face a fine from the ICO. And under the new General Data Protection Legislation (GDPR) coming into force next year, those fines could be a lot higher.'

'Boomerang Video failed to take basic steps to protect its customers' information from cyber attackers. Had it done so, it could have prevented this attack and protected the personal details of more than 26,000 of its customers.'

Further details of the case can be found using the links below together with guidance on data protection issues including guidance on the new General Data Protection Regulations which come into effect on 25 May 2018.

Internet links: ICO news ICO report Boomerang data protection reform updated toolkit for SMEs

Please contact a member of our Tax Team if you would like to discuss any of the issues raised in this newsletter.