

## WELCOME TO THE AUGUST TAX NEWSLETTER

Our newsletters are designed to keep you informed of the latest tax issues, we hope you find it useful.

Please contact us if you need further information on any of the subjects covered, we are only a phone call away and always here to help.

Call **01245 258 689** or email **info@viewpointaccountants.co.uk**



**Steve Bird**

Director



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Director



## PROVIDE ADDITIONAL INFORMATION OF R&D CLAIMS FROM 1 AUGUST 2023

The latest Finance Act includes two changes that will affect all R&D claims:

- 1 - a requirement to provide additional information before an R&D claim is made; and**
- 2 - a requirement for certain companies to make a claim notification within six months after the end of the accounting period for which they want to claim R&D relief.**

When a limited company intends to make a claim for research and development (R&D) tax relief, from 8 August 2023 onwards it will need to provide detailed information to HMRC in advance. We can assist you in preparing the notification or prepare it on your behalf.

You will need to set out details of the R&D project(s) undertaken, including, in particular, the scientific or technical uncertainty that the work was seeking to overcome, along with details of the work done to resolve that uncertainty.

For accounting periods beginning on or after 1 April 2023, there is also a new R&D claim notification form which must be submitted within the 'claim notification period', which ends six months after the end of the accounting period for which the company wants to claim R&D relief.

Broadly, new claimants or those who haven't claimed for three years will need to complete this claim notification form for accounting periods beginning on or after 1 April 2023.

## USE TAX-FREE CHILDCARE ACCOUNT TO PAY FOR SUMMER HOLIDAY CLUBS

Tax-Free Childcare accounts can be used to pay for approved childcare for children aged 11 or under, or 16 if the child has a disability. This can include paying for a summer holiday club or childminder.

The account can also be used to pay nursery fees, or to pay for breakfast or after school clubs in term-time, as well as out of school activities.

Opening a Tax-Free Childcare account is quick and easy and can be done at any time of the year. Families who have not yet signed up should check their eligibility and apply online today.

For every £8 paid into an online account they will receive an additional £2 from the government. This means parents and carers can receive up to £500 every 3 months (£2,000 a year for each child), or £1,000 (£4,000 a year for each child) if their child is disabled.

Money can be deposited at any time to be used straight away, or whenever it is needed. Unused money in the account can be withdrawn at any time.

### Eligibility

**Families could be eligible for Tax-Free Childcare if they:**

- have a child or children aged 11 or under. They stop being eligible on 1 September after their child's 11th birthday. If their child has a disability, they can receive support until 1 September after their child's 16th birthday;
- earn, or expect to earn, at least the National Minimum Wage or Living Wage for 16 hours a week, on average;
- each earn no more than £100,000 per annum; and
- do not receive tax credits, Universal Credit or childcare vouchers.

## PLANNING A STAFF SUMMER BARBEQUE?

Employers may meet the cost of certain social events for staff without creating a tax liability. This used to be a concession but is now a statutory exemption provided certain conditions apply.

The exemption applies to an "annual party or similar function" provided it is available to all employees or available generally to those at a particular location. During the Covid-19 pandemic HMRC confirmed that a 'function' could include a virtual party, where employers were unable to host a traditional party at which employees would have been physically present.

A key condition is that the cost per head of the party or function must not exceed £150, inclusive of VAT. If an event costs more than £150 then it is taxable in full, not just on the excess over £150.

If you have already held a Christmas Party for staff it may be possible have another event, and for that to also be exempt from tax, provided the combined cost per head is no more than £150 a year. If the combined cost exceeds £150 for the year the employer can designate which ones should be taken into account to make best use of the exemption. If, for example, the cost per head of the Christmas party was £100, and the Summer event was £70 the employer can nominate the Christmas party to be covered by the exemption, but the £70 Summer Event would be taxable (not just the excess £20)

Rather than the employee being taxed on the £70 the employer can deal with the tax and national insurance on the employees' behalf by way of a PAYE settlement agreement.

## RUMOURS OF THE ABOLITION OF INHERITANCE TAX

There are rumours circulating in the press of the possible abolition of inheritance tax (IHT) in a bid by the Government to secure the support of wavering Conservative voters. This may cause some individuals to delay IHT planning, but remember these are just rumours, and it may not be actually happen.

It should be noted that under the current IHT rules there are a number of generous reliefs and exemptions that would apply, as opposed to speculation of possible future changes. For example, business property relief is available on the transfer of shares in an unquoted trading company during lifetime or on death, such that no IHT would be payable. However capital gains tax potentially applies to a lifetime transfer of shares, subject to a possible claim to hold over the gain.

So, the current rules allow tax planning to be undertaken with an element of certainty, as opposed to speculating about possible future changes. Please talk to us if you would like to discuss inheritance tax planning.

## HMRC RAISE INTEREST RATES AGAIN AS BASE RATE INCREASES

HMRC interest rates are linked to the Bank of England base rate. Late payment interest is set at base rate plus 2.5%. Repayment interest is set at base rate minus 1%, with a lower limit - or 'minimum floor' - of 0.5%.

The latest increased the Bank of England base rate from 4.5% to 5% means that interest on late paid tax will increase to 7.5% for most taxes and the rate of repayment interest will increase to 4% if you overpay.

These changes came into effect on 11 July 2023.

For those companies required to pay their corporation tax by quarterly instalment payments the rate increased to 6% from 3 July 2023.

If you are late with your self-assessment payment on account for 2022/23 that was due on 31 July 2023 then you should pay as soon as possible to avoid incurring further interest charges. Note that there is a 5% surcharge added to any tax still outstanding at 28 August 2023 unless you have agreed a payment plan with HMRC.

## DIARY OF MAIN TAX EVENTS - AUGUST / SEPTEMBER 2023

DATE	WHAT'S DUE
01 August	Corporation tax payment for year to 31/10/22 (unless quarterly instalments apply)
19 August	PAYE & NIC deductions, and CIS return and tax, for month to 05/08/23 (due 22/08/23 if you pay electronically)
01 September	Corporation tax payment for year to 31/10/22 (unless quarterly instalments apply)
19 September	PAYE & NIC deductions, and CIS return and tax, for month to 05/09/23 (due 22/09/23 if you pay electronically)

### FURTHER INFORMATION & ADVICE

If you would like further information or advice about any of the issues raised in this newsletter then we would be delighted to hear from you.

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