Your Strategy?



# How to ensure you get no tax on the sale of your home

This is an area attracting a lot of HM Revenue and Customs, HMRC, interest at the moment. They are focussing on whether you can prove that you actually lived there. Just saying you do is no longer necessarily sufficient. This becomes important when you sell and want to claim. As in the case of Mrs Hashmi v HMRC 2020.They are relying on an earlier tax case, Goodwin v Curtis where the judge said “ …to qualify for relief, a taxpayer must provide some evidence that his residence in the property showed some degree of permanence, some degree of continuity or some expectation of continuity. Doing up a property and claiming to live there when you do not have furniture like a bed and a dining table is not sufficient.

You want to keep invoices for property improvements, the contract note for purchase, utility bills and you need to be on the electoral role. These days evidence that Amazon and other shops have or had the address to deliver

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goods to. Ensure HMRC know when you move and which property is your PPR if you have more than one property that you live in. Ensure your tax return has your current residential address.

Not doing this can cost you thousands in Capital Gains Tax, interest for late payment and penalties. Especially as when you sell a residential property you now have to submit a tax return and pay the tax within 30 days of completion if it is not your PPR, Principal Private Residence.

# Do you have employees? Government support for workers

A new [Job Support Scheme](https://www.gov.uk/government/publications/job-support-scheme) will be introduced from 1 November to protect viable jobs in businesses who are facing lower demand over the winter months due to coronavirus.

Under the scheme, which will run for six months and help keep employees attached to the workforce, the government will contribute towards the wages of employees who are working fewer than normal hours due to decreased demand.

Employers will continue to pay the wages of staff for the hours they work - but for the hours not worked, the government and the employer will each pay one third of their equivalent salary.

This means employees who can only go back to work on shorter time will still be paid two thirds of the hours for those hours they can’t work.

In order to support only viable jobs, employees must be working at least 33% of their usual hours. The level of grant will be calculated based on employee’s usual salary, capped at £697.92 per month.

The Job Support Scheme will be open to businesses across the UK even if they have not previously used the furlough scheme, with further guidance being published in due course.

It is designed to sit alongside the [Jobs Retention Bonus](https://www.gov.uk/government/publications/job-retention-bonus/job-retention-bonus) and could be worth over 60% of average wages of workers who have been furloughed – and are kept on until the start of February 2021. Businesses can benefit from both schemes in order to help protect jobs.

# Are you Self-Employed? Self-Employment Income Support Scheme update

**1. Who can claim?**

To be eligible for the grant extension self-employed individuals, including members of partnerships, must:

* currently be eligible for the Self-Employment Income Support Scheme (although they do not have to have claimed the previous grants)
* declare that they are currently actively trading and intend to continue to trade
* declare that they are impacted by reduced demand due to coronavirus in the qualifying period (the qualifying period for the grant extension is between 1 November and the date of claim)

**2. What the grant extension covers**

The extension will provide two grants and will last for six months, from November 2020 to April 2021. Grants will be paid in two lump sum instalments each covering a three-month period.

The first grant will cover a three-month period from the start of November until the end of January. HMRC will provide a taxable grant covering 20 per cent of average monthly trading profits, paid out in a single instalment covering 3 months’ worth of profits, and capped at £1,875 in total.

The second grant will cover a three-month period from the start of February until the end of April. HMRC will review the level of the second grant and set this in due course.

The grants are subject to Income Tax and National Insurance Contributions.

**3. How to claim**

HMRC will provide full details about claiming and applications in guidance on GOV.UK in due course.

# You can now afford to run an Electric Car run on the business

Fully electric cars get a grant when purchased new of £3,000. The company can claim 100% tax relief on the purchase. For 2020/21 there is no benefit in kind. Then 2021/22 it is 1% and 2021/22 it is 2%. Benefits in kind are taxable. So very tax efficient to run an electric car on the business. There is also a grant of £350 on the cost of installing a charging point at your home or place of work.

However, you may want to consider leasing the car. The lessor claims the 100% allowance. The lessee claims tax relief on the net of VAT reclaimed rent. However the VAT that can be reclaimed is half the VAT charged. Worth considering as the technology is moving fast and car prices are likely to fall. A company

buying a car outright might suffer a lot of depreciation. Although leasing for two years may be more expensive in the short term when you come to choose the next car the leasing costs for the same car may be less and there will be more cars to choose from that are more technologically advanced.

# Planning ahead of the Winter Budget

The Autumn Budget has been postponed to the New Year. See the spring newsletter for tax planning ideas.

# IR35 Tax changes now expected from 6 April 2021

For more details see the winter newsletter.

# Save tax when you sell your business - Entrepreneurs relief

From 11 March it is to be called Business Asset Disposal Relief and the life time limit has been reduced from £10m to £1m. The Capital Gains Tax rate remains at 10% on the gain.

Are you a Construction Industry Contractor or Sub Contractor? The VAT reverse charge may help cash flow

This now comes in from 1 March 2021 for subcontractors subject to the Construction Industry Scheme. The default position for a subcontractor is to use the reverse charge system and not charge VAT to the contractor. If the contractor is the end user they should inform the subcontractor so that the subcontractor can charge VAT. That means they do not add 20% VAT to their bills. This may mean it is worthwhile submitting monthly rather than quarterly VAT returns if you are in a VAT recoverable position.

The subcontractor using the reverse charge must put the following on the invoice:

* state all relevant information and details on its VAT invoice
* State that the domestic reverse charge applies and that the contractor is required to account for the VAT to HMRC.
* Show how much VAT is payable under the reverse charge or the appropriate rate of VAT if the VAT amount cannot be shown VAT must not be included in the amount charged to the contractor.

# Know someone with a Personal injury?

We act for several clients who have received personal injury claims. These amounts often run into the millions. The injured person may have a deputy appointed by the Court of Protection acting on their behalf if they are no longer of sound mind.

As Independent Financial Advisers our role is to advise on the investment of the funds to generate an income for the rest of the client’s life. We provide tax advice as well as investment advice. In addition it is important to prepare and maintain life time cash flow forecasts adjusted for tax and inflation. These are used to monitor the impact of future expenditure on the remaining fund and to flag up when the investment plans or spending plans may need to be adjusted depending on changing circumstances and changing investment returns.

As a dual qualified Chartered Accountant and a Chartered Member of the Institute for Investments and Securities Alan is ideally placed to advise in these cases. If anyone knows of someone where we can help please let us know.

# Do you need Inheritance Tax Planning?

Residence Nil Rate Band, RNRB, now £175,000 per person. If their estate is over £2m then it reduces by £1 for every £2 over £2m. So joint estates worth over £2.7m will lose the RNRB. In any event it is only available if the PPR is inherited by a direct lineal descendant.

The £2m is before any reliefs like Business Property Relief. If this causes you Inheritance Tax problems maybe we can help?