



# Newsletter

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CHARTERED MANAGEMENT ACCOUNTANTS

## July 2018

THE RIGHT ADVICE FOR YOUR BUSINESS

IN THIS ISSUE

## Will BREXIT mean higher interest rates

The Bank of England Base Rate is currently 0.5%, it increased from 0.25% to 0.5% in November 2017. Base Rates are used to control inflation and the Bank of England is targeted to keep inflation below 2%.

Its widely expected that at the August Monetary Policy Committee meeting interest rates will rise.

Brexit could affect interest rates in either direction, for example, if we have a Hard Brexit and that impacted the value of Sterling it could drive up inflation and interest rates.

The Bank of England will be doing all it can to avoid rate rises as it knows consumers are over borrowed and the impact of a rate rise could be severe.

Have you stress tested your business? How would your business cope with higher interest rates? Would

reducing gearing now help strengthen your position? If rates increased would your customers reduce their spending with you?

Why not ask us to help you create contingency plans.



**BUSINESS ACCOUNTANT**

# Has Making Tax Digital been cancelled?



There have been some changes due to Brexit HMRC have postponed work on MTD for individuals for example the **Simple Assessment and real time tax code changes**, however, there have been no changes to MTD for Business.

“what I’m very keen to signal to everybody out there... is that we are serious about it and it will happen, so there will be no question of any further delay on this, so we all need to make sure that we’re ready for it.”

## FAST FACTS

## API Enabled

Software must be API enabled and HMRC approved

## April 2019

Businesses over the VAT Threshold adopt MTD VAT

## FOR MORE INFORMATION

Contact

[info@stuartfergusonaccountants.co.uk](mailto:info@stuartfergusonaccountants.co.uk)

Mel Stride MP - Financial Secretary to the Treasury  
Minister of State with responsibility for Value Added Tax

The Finance Bill sets in stone that MTD for VAT will start in April 2019.

Even though we will still be submitting the 9 Boxes, for businesses over the Vat threshold transactions will need to be digitally linked and submitted with API enabled software – which can include API enabled spreadsheets.

From 2020 we could also see Income Tax and possibly Corporation Tax added to MTD and returns would need to be submitted quarterly for businesses with turnover over £10,000, there would also be a 5<sup>th</sup> return for year end adjustments.

What will your business need to do to get ready?

# Tax Credit Renewal Time

There are two types of Tax Credit

## *Child tax credits*

The amount of child tax credits you get is dependent on your household income, how many children are living with you and how much money you spend on childcare. You may be entitled to more child tax credits if your child is disabled. You don't need to be working to claim child tax credit.

## *Working tax credits*

If you don't have children, you may be eligible for working tax credits depending on your household income and how many hours you work. If you have children, you'll be entitled to the childcare element of working tax credit as well. If you're a disabled worker you may qualify for the disability element working tax credit.



## **How to renew tax credits**

If you're claiming tax credits, you'll be sent a renewal pack. It will tell you how to renew your tax credits.

You must [renew your tax credits](#) by 31 July 2018 if your renewal pack has a red line across the first page and it says 'reply now'.

If you miss the deadline your tax credits payments will stop. You'll be sent a statement and will have to pay back the tax credits you've been given since 6 April 2018.

## **What you need**

You'll need:

- your renewal pack - if you do not get your renewal pack by 26 June 2018, [call the tax credits helpline](#)
- your National Insurance number
- details about any [changes to your circumstances](#)
- you and your partner's [total income](#) for the last tax year
- the 15-digit renewals reference number on your renewal pack - if you're renewing by phone

# How can you improve your business credit rating?

Having a good credit score is essential in the current economic climate, your credit score will be checked by Customers, Suppliers and Banks/Lenders, so how can you improve your score?

1. Pay your bills on time – many credit rating agencies (Dun & Bradstreet, Creditsafe, Risk disk to name a few) now collect payment data from your suppliers every month and update your score, often showing days beyond terms (DBT), if you have a dispute with a supplier try to resolve it quickly as it could affect your credit score.

2. Don't make multiple applications for credit – credit searches by lenders leave footprints on your credit file and could make it look like you have cash flow problems.

3. File your accounts on time – late filing can really hurt your credit score, sometimes it can reduce your score by 50%.



4. Avoid CCJ's – Getting a judgement against your business even for a small value is extremely damaging to your score.

5. Retain Profit – this increases net worth and shows you are investing in your business.

6. Record Borrowing Terms – in your published accounts and notes make sure you explain the terms

and split the loan between short and long term, if all your loans are shown as short term this will damage your score because it will impact on working capital.

7. Review Share Capital – if you have directors loans that you have made to the business and you aren't expecting repayment in the near future convert them to Share Capital, this will increase net worth.

8. Keep Credit Card Balances below 30% – Its bad for your credit score to max out your business credit card and it's also bad to have too many business credit cards, it makes your business appear desperate for cash.

9. Avoid Negative Net Worth – it can wipe out your score.

10. Fix any mistakes – if a credit score is wrong and contains errors speak to the credit agency and get it fixed.

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