



Newsletter

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CHARTERED MANAGEMENT ACCOUNTANTS

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THE RIGHT ADVICE FOR YOUR BUSINESS

IN THIS ISSUE

# Only 6 months to go until HMRC Making Tax Digital for VAT

If your business is VAT registered and your turnover is more than £85,000 you will be part of making tax digital from 1<sup>st</sup> April 2019.

We have a new [VAT Notice 700/22](#) Making Tax Digital for VAT, this explains the rules.

There are 2.2 million UK Businesses registered for VAT and 1.2 million have a turnover above £85,000, of these 89% will need to change the way they file VAT.

This is because you will need to file using API HMRC approved software which will digitally link your entries to the VAT return.

This is just the beginning, by April 2020 its expected that businesses (or a combination of business income) with a turnover above £10,000 will need to file quarterly Income and Expenses and will pay a quarterly amount covering Income Tax, VAT and Corporation Tax.

Are you using approved software?

<https://www.gov.uk/government/publications/software-suppliers-supporting-making-tax-digital-for-vat/software-suppliers-supporting-making-tax-digital-for-vat>



# It's time to do your Self Assessment Return



The HMRC deadlines for the tax year 6<sup>th</sup> April 2017 to 5<sup>th</sup> April 2018 are

Register for Self Assessment by 5<sup>th</sup> October 2018

Paper Returns must be submitted by midnight on 31<sup>st</sup> October 2018

Online Returns must be submitted by midnight on 31<sup>st</sup> January 2019

Tax must be paid by midnight on 31<sup>st</sup> January 2019

## Do Directors need to file returns?

As a director of a limited company, you must:

Register for Self Assessment and file a return each year

<https://www.gov.uk/running-a-limited-company>

### FOR MORE INFORMATION

Contact

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

## What if you don't have all the information you need for the return?

Returns which include provisional or estimated figures should be accepted provided they can be regarded as satisfying the filing requirement.

### [HMRC SAM121190](#)

## Common Problem areas

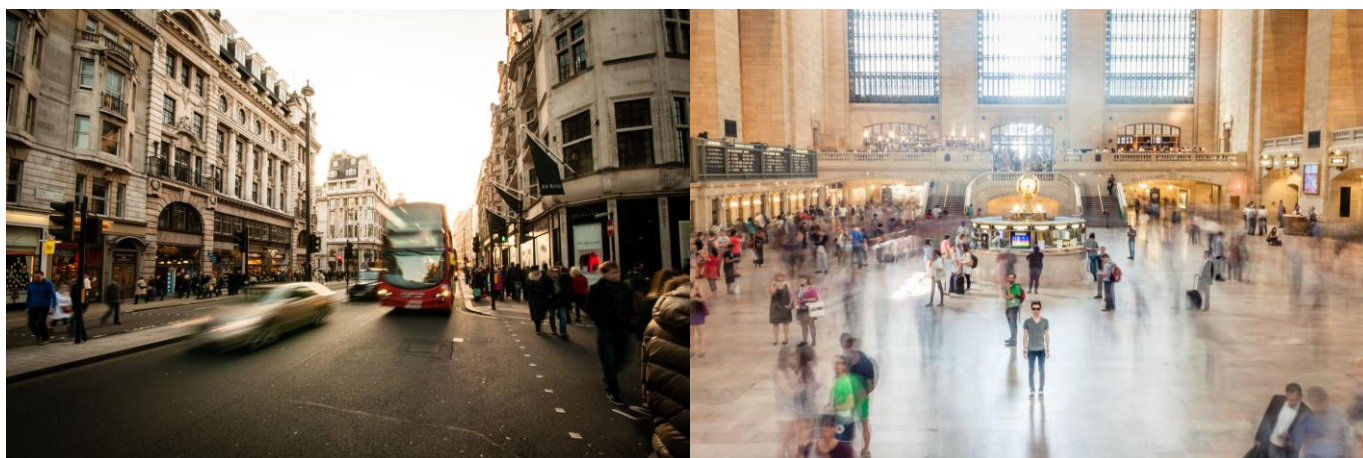
Here are 10 of the most common problems, issues and errors that come up.

1. Not leaving enough time to register for Self Assessment – It can take 20 working days (this is usually 4 weeks) to complete the registration process, then for online returns, allow 10 working days (21 if you're abroad) to register because HM Revenue and Customs (HMRC) posts you an activation code.
2. Lost Login details – Your account will be locked for 2 hours if you enter the wrong user ID or password 3 times. If you've lost both your user ID and password:
  - individuals in Self Assessment can request new ones (allow 7 days to get them by post) or sign up with the GOV.UK Verify trial
  - contact HMRC for all other online services
3. Leaving it too late to get help – If you need help from an accountant don't leave it too late as they will need to carry out AML and other checks before they can file your return, they will also need your UTR
4. Failing to complete all the parts of the return – For example leaving out PAYE information
5. Failing to press 'submit' – you would be surprised how many people complete the return and then stop without submitting or leave submission and then forget to do it
6. Missing out details of your Pension Provider
7. Failing to check the calculation – Most people do a rough calculation of what they owe but fail to check the HMRC calculation only to find out they have made a mistake
8. Using invalid characters such as # ' " in boxes where these are not allowed
9. Not paying the tax they owe by 31st January
10. Failing to explain where estimates and provisional sums have been used

# Service Accommodation is Booming

Serviced accommodation is fully furnished accommodation (generally apartments, flats or town houses) that is available for short-term stays (less than 90 days).

It offers travellers, business and tourists, flexibility, more choice and high quality accommodation. It offers property investors an opportunity to develop higher returns when compared to the buy to let and HMO (Houses of Multiple Occupancy) returns on investment.



The Serviced Accommodation sector doubled in 2017

Travel Intelligence Network reported an 86% growth in the use of serviced apartments by businesses in recent years.

Serviced Accommodation is extremely popular with property investors because the returns are higher than residential letting. A normal residential yield might be 6% whereas Serviced Accommodation could be 2 or 3 times that.

Some of the problem areas for those who want to provide serviced accommodation are

1. Consent – there may be restrictions on the property preventing its use as serviced accommodation – these restrictions could be in the lease or mortgage
2. VAT – Serviced Apartments are treated as Holiday Accommodation and Vatable rather than Residential Rent which is exempt
3. Inappropriate Tenants and local resistance

If you operate in this sector you and your income is above the £85,000 VAT registration limit you may wish to consider using the VAT Flat Rate scheme, the flat rate for Hotels and Accommodation is 10.5% and in the first year of registration you get a 1% discount, speak to us to find out more.

You can join is your turnover is below £150,000.

You will cease to be eligible to use the scheme if the total value of your income for the year ending is more than £230,000.

# It's Christmas lets donate to charity and save tax



Gift Aid donations are regarded as having basic rate tax deducted by the donor. Charities or CASCs take your donation – which is money you've already paid tax on – and reclaim the basic rate tax from HM Revenue & Customs (HMRC) on its 'gross' equivalent – the amount before basic rate tax was deducted.

Basic rate tax is 20 per cent, so this means that if you give £10 using Gift Aid, it's worth £12.50 to the charity.

## Higher rate taxpayers

If you pay tax at the higher or additional rate, you can claim the difference between the rate you pay and basic rate on your donation. Do this either:

- through your Self Assessment tax return
- by asking HM Revenue and Customs (HMRC) to amend your tax code

**Example** You donate £100 to charity – they claim Gift Aid to make your donation £125. You pay 40% tax so you can personally claim back £25.00 (£125 x 20%).

## Getting tax relief sooner

In your Self Assessment tax return, you normally only report things from the previous tax year.

But for Gift Aid, you can also claim tax relief on donations you make in the current tax year (up to the date you send your return) if you either:

- want tax relief sooner
- won't pay higher rate tax in current year, but you did in the previous year

You can't do this if:

- you miss the deadline (31 January if you file online)
- your donations don't qualify for Gift Aid – your donations from both tax years together must not be more than 4 times what you paid in tax in the previous year

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