http://www.fdbiz.co.uk/

Businesses pay £44 billion in corporation tax

Businesses paid £44.4 billion in corporation tax in 2015/16, according to figures from HMRC.

This is an increase of 3% from the £43 billion collected in 2014/15, and is the highest since 2007/08.

The figure reflects increases in tax from the manufacturing, distribution, financial services and commercial sectors.

North Sea oil and gas sector receipts fell from £2.1 billion in 2014/15 to £0.5 billion in 2015/16 while bank surcharge receipts (introduced from January 2016) were £22 million.

Conrad Ford, CEO of Funding Options, said:

"Small businesses in the UK benefitted from a lower rate of corporation tax for over 40 years until 2015. This was an effective way of helping small businesses to compete with larger rivals and would be so again.

"Another option for helping SMEs would be to increase the annual investment allowance (AIA) encouraging small businesses to invest in new equipment or upgrades on their existing capacity."

Annual investment allowance

Businesses can claim capital allowances on assets (equipment, machinery and vehicles) they buy and keep to use in the business.

Businesses can deduct the full value of assets that qualify for the AIA from profits before tax. The AIA has been £200,000 since 1 January 2016.

It's not possible to claim the AIA for items bought in the final accounting period if the business closes.

Talk to us today about utilising capital allowances.

EU workers uncertain over residency status

EU employees are concerned about their residency status following the EU referendum.

A British Chambers of Commerce (BCC) survey of 800 companies who employ EU workers found that 41% of businesses say their EU staff are worried.

Further findings:

- 5% have seen members of staff resign
- 10% have seen their employees express an intention to leave the UK as a result of the vote.

60% of the businesses surveyed think residency guarantees for EU workers would have a positive impact on their business, compared to those that said it would have no impact (28%) or are unsure (9%).

Adam Marshall, acting director general of the BCC, said:

"The government must clarify how new EU hires will be treated, as many businesses also say they are uncertain about whether the people they wish to recruit will be able to continue working with them in the future."

Working in the UK

Until article 50 is invoked and Brexit is formally initiated, it is not clear what changes to residency there will be. Until then, if your business is hiring workers from abroad (from the EU or elsewhere) you must check their legal right to work in the UK.

There is a tool on the government website that helps employers check and lets you know which documents to ask for.

Your company will usually operate PAYE and pay national insurance contributions whether the employee is working on a temporary or permanent basis.

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Workers from abroad won't have a P45 so you need to get the following information:

- name
- gender
- date of birth
- address
- national insurance number.

You must also get an employment declaration from your new employee before making deductions from their pay.

Contact us today to discuss your employees' right to work.

Tax-free childcare to launch in 2017

The government's tax-free childcare scheme is due to launch in early 2017.

As part of the scheme, parents will be able to set up an online account with HMRC to pay for childcare with a registered provider.

The government will top up the account by 20% up to a total of £10,000. The maximum government payment is £2,000 per child per year (or £4,000 for children with disabilities).

The childcare scheme is available for children up to the age of 12, or 17 for those with disabilities.

To be eligible, each parent needs to be in work earning a minimum of £115 a week and have an annual income of less than £100,000.

Parents

Parents will be able to set up an online account and check for local childcare providers who are registered with the scheme.

There's no monthly minimum or maximum payment and parents can make withdrawals if they wish.

They will be able to send payments from their tax-free childcare accounts to the provider's bank account via BACS.

Childcare providers

Letters are being sent to regulated and approved childcare providers who will be able to register online once they have received their invitation.

Only childcare providers registered with a regulator can receive payments from the scheme. Registering with a regulator can take up to 12 weeks.

You'll need your 10 digit unique tax reference number to sign up for an account.

Talk to a member of our team about tax-free childcare.

Paper tax return deadline approaches

The deadline to submit your self-assessment paper tax return for the 2015/16 tax year is 31 October 2016.

Tax returns must account for all income received during each tax year running from 6 April to 5 April.

The form to complete is SA100. This should include:

- income from self-employment
- employment income
- dividends
- income and expenses from rental property
- gains/losses made from selling assets.

There are additional sections for different types of income:

- employees or company directors (SA102)
- self-employment (SA103S or SA103F)
- business partnerships (SA104S or SA104F)
- UK property income (SA105)
- foreign gains or income (SA106)
- capital gains (SA108).

If you're filing your return as a non-resident company, partnership, trustee or registered pension scheme you will also need to fill out additional forms.

The transition to digital

The government's Making Tax Digital plans will see most businesses, self-employed people and landlords fully managing their tax affairs digitally by 2020.

Businesses will be required to submit quarterly updates of summary data using accounting software.

The following will also apply:

- unincorporated businesses and landlords with an annual turnover of less than £10,000 will be exempt from the quarterly updates
- the current threshold (£83,000) for cash basis accounting will be raised.

The consultation closes on 7 November 2016 and final details will be announced after this.

We can help you with any aspect of self-assessment.