

# dmc newsletter

## SPRING 2021

### WELCOME -

It is strange to look back over the events of last year and to think of words and phrases that are now commonplace; furlough, bounce back loans, lockdown, pandemic, PPE to mention just a few.

Just over a year ago we were about to send out our Spring 2020 Newsletter when the country was plunged into lockdown. There followed a series of announcements from the government. At that stage information and details were being given and refined on a daily basis and it was so difficult to keep up with the ever-changing landscape. On top of that we were all suddenly required to work from home, unless it was essential to be in the workplace. We embarked on e-mailing a series of updates to try and explain the continuous flow of information relating to finances and support schemes.

We also had to rapidly adapt our own processes and systems to cope with, both remote working and sending documents/information out to yourselves. In just a handful of days, the team here did a fantastic job by setting up procedures to make this possible. In addition to the news and details that we now e-mail to you, we thought it would be good to send an 'old fashioned' style newsletter with updates on all at DMC, together with a some other current information.

### Changes to off payroll working

If you provide your personal services through your own company to large or medium sized organisations the off-payroll worker rules (postponed last year) may apply from 6 April 2021. Your final customer must determine if the relationship with you is one of deemed employment (it may do this using the HMRC online tool called CEST) and then tell you the outcome. You can challenge if you disagree with the result. Where your work is treated as 'deemed employment' - income tax and employees NI is deducted from the gross amount. VAT remains chargeable as normal on the gross invoice for those who are VAT registered. If your customer is small, then the existing rules continue whereby the onus is on you to decide whether you fall under IR35 or not.

### DMC news

It seems like a good opportunity to catch up on the news from all of us - that's a whole year's worth of news!

Congratulations to **Hannah** who has completed her AAT exams with flying colours, she has worked hard for very well-deserved success, and she will now be moving onto her ACCA studies.

Welcome to **Max** who joined us in September to start his training and studies on the road to becoming an accountant. He has done very well to cope with lockdown and working from home so early in his training.

Congratulations to **Barbara** who recently welcomed her third granddaughter, a beautiful 'lockdown' baby.

**Nicky** (and John) managed to move house in November, squeezed in between the two lockdown periods and they now live in the beautiful countryside around Heathfield.

**Rob** managed to juggle home working with home schooling at various stages during the year - the rest of us are very thankful we weren't required to become teachers.

**Bruce**, who was mostly working from home, adopted a 'rescue' dog Bella. She likes to come along to the office from time to time and keep us company.

**Ali, Kim, and Matt**, managed to survive working from home for long periods of time and keeping our remote working procedures updated - not an easy challenge.

**Nicky** and **Peter** have been coping magnificently with the ever-changing furlough scheme rules.

The office was held together throughout the year by a skeleton staff of **Alison, Sandra, and Estelle**, enabling us to manage the work/home process.

We are happy to see spring arrive, and with a combination of vaccinations and Covid tests, for us to be able to return to the office.

## Updates on Coronavirus reliefs and grants

The fourth Self-Employment Income Support Scheme grant will be available from late April. If you are eligible then HMRC will contact you to give you a date from which you can claim. The grant covers the period 1<sup>st</sup> February 2021 to 30<sup>th</sup> April 2021. You do need to check that you satisfy the conditions before making a claim. Key points are as follows:

- You must be self-employed and have traded in both the 2019/20 and 2020/21 tax years.
- To see if you qualify, HMRC first look at the 2019/20 tax return - trading profits must be less than £50,000 **and** 50% or more of your total taxable income. If you are not eligible on this basis then they look back at the four years 16/17, 17/18, 18/19 and 19/20 and take an average of these, this average self-employment income needs to be less than £50,000 **and** 50% or more of total taxable income.
- You must be currently trading but impacted by reduced demand due to coronavirus **or** have been trading but are temporarily unable to do so because of coronavirus.
- You also need to be able to declare that you intend to continue to trade **and** have a **reasonable belief** that there will be a significant reduction in your trading profits.
- The 'reasonable belief' must be because you have reduced business activity, capacity, demand or are unable to trade as a result of Coronavirus.
- You must keep evidence to show how your business has been impacted and how that resulted in less business activity than expected.
- You then need to look at the impact on your business between the dates 1<sup>st</sup> February 2021 and 30<sup>th</sup> April 2021 and assess if this causes a **significant** reduction in your trading profits.
- The grant is calculated at 80% of 3 months average trading profits, capped at £7,500. The average profits are worked out using the last 4 years tax returns.
- If you claim this grant it will be subject to Income Tax and National Insurance and will be reportable on your 2021/22 tax return.

## Deferred VAT

If you used last year's opportunity to defer VAT payments due between 20<sup>th</sup> March 2020 and 30<sup>th</sup> June 2020 then the deferred VAT was due to be paid by 31<sup>st</sup> March 2021. However, if you were unable to make the payment by that date, then you can avoid a 5% penalty and interest by either, paying your deferred VAT in full by 30<sup>th</sup> June 2021 or contacting HMRC before the 21<sup>st</sup> June 2021 and joining the new deferral scheme. Under this scheme you can spread the payment in equal instalments until 31<sup>st</sup> March 2022. So, for example if you join by 19<sup>th</sup> May 2021 you can pay the outstanding VAT over 9 instalments.

You can join via

<https://www.tax.service.gov.uk/pay-vat-deferred-due-to-coronavirus/eligibility>

Or phone the helpline 0800 0241222

## Capital Gains on disposal of properties

A reminder on the capital gains tax payment rules for residential property. If you are a UK resident and you sell UK residential property on or after 6<sup>th</sup> April 2020, then if this results in you having Capital Gains Tax to pay you must report and pay the tax using a 'Capital Gains Tax on UK property account' within 30 days of selling the property. If you are not UK resident then you must report sales of any UK land or property within 30 days even if there is no tax to pay.

There are penalties for anyone who does not make the return on time and interest charged on late paid tax. The tax on residential property is 28% (except to the extent it falls within your basic rate band where it is charged at 18%). Please do get in touch with us if you have sold, or are about to sell, UK property which needs to be reported on a 30 day return and we can help you to calculate the tax and report and pay the tax on time.

Other assets subject to capital gains tax can continue to be reported on your self assessment tax return in the normal way, although you can use the 'real time' CGT service if you wish to pay the tax earlier!

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