MUHASIB
CHARTERED CERTIFIED ACCOUNTANTS

BULLETIN
AUGUST 2021

HMRC ISSUES GUIDELINES FOR THE FIFTH SEISS GRANT

HMRC has published the details of the fifth Self-employment Income Support Scheme (SEISS) grant, including a new turnover criteria that determines the amount of the grant.

The fifth grant is 80% of three months' average trading profits, with a cap of £7,500 for individuals whose turnover has decreased by 30% or more. Those with a turnover reduction of less than 30% will get a grant equal to 30% of three months' average trading earnings, up to a maximum of £2,850.

Individuals must be self-employed or part of a partnership to be eligible for the grant. They must have traded in the fiscal year 2019/2020 and filed their tax return on or before March 2, 2021, as well as traded in the financial year 2020/21.

They must be actively trading but experiencing lower demand as a result of coronavirus (COVID-19), or they must have been trading but are temporarily unable to do so as a result of COVID-19.

During the claim's procedure, claimants will be required to supply two turnover figures: one from the pandemic period and one from an earlier reference period.

Please refer to HMRC's guidance for more information.

https://www.gov.uk/guidance/work-out-your-turnover-so-you-can-claim-the-fifth-seiss-grant

Chat to us about any aspect of the fifth SEISS grants.

THOUSANDS OF SAVERS ARE CATCHED IN PENSION TAX TRAPS

According to government statistics, the number of savers who exceeded the annual and lifetime allowances increased in 2018/19.Those who export goods to EU clients would incur the most disruption, as VAT exemptions for SMEs and shipments of €22 or less will be eliminated.

According to HMRC data, 34,220 people reported saving more than the £40,000 annual allowance in their pension pots in 2018/19, resulting in total tax charges of £817 million. In 2018/19, the number of people who exceeded their annual pension allowance was 14% higher than the previous tax year, when 29,910 savers were caught.

Savers who exceed this allowance can pay the tax charge either through an accounting-for-tax (AFT) return or through self-assessment tax returns on or before January 31.

According to the data, the value of annual allowance charges disclosed by plans via AFT returns in 2018/19 was £209 million, up 71% from £122 million reported in 2017/18.

Meanwhile, the number of tax charges for individuals who breached the lifetime allowance over the same period grew by 6% – from £269m to £283m.

A 55% charge applies on excess funds that are taken as a lump sum, while a 25% charge awaits if excess funds are taken as retirement income, which is taxable at the marginal income tax rate.

Get in touch for tax-efficient advice.

ACCA

314 Caerphilly Road, Cardiff, CF14 4NT
029 2009 9727
info@muhasibltd.co.uk
www.muhasibltd.co.uk
@muhasibuk

xero
sage

CIOT ENCOURAGES THE GOVERNMENT TO SIMPLIFY THE TAX SYSTEM

The Chartered Institute of Taxation (CIOT) has encouraged the government to utilise its tax administration review to make the UK tax system easier to understand for taxpayers.

The CIOT has proposed a number of 'practical improvements,' including the creation of a single system for taxpayers to use to register and deregister for different taxes; the creation of a single customer account where taxpayers can view their details in one place; and the simplification of how tax liabilities are assessed and calculated.

The OTS is also considering running future tax years to 31 December, comparable to the systems in effect in the United States, France, and Germany. If this is pursued, a transitional tax year might theoretically stretch from April 6 to December 31 - three months and six days less than the standard tax year.

It also contends that obligations and processes across various taxes should be as consistent and clear as feasible, with the goal of simplifying the tax system as a whole.

John Barnett, Chair of the CIOT's Technical Policy and Oversight Committee, commented on the matter:

'The UK's tax system is creaking at the seams and this thorough review of the administration framework is long overdue.

'Many of the problems with tax administration are to do with HMRC's processes, systems, communications and guidance. These are just as important as the statutory rules and structures. We believe significant progress is achievable by making improvements in these areas, including to HMRC's service standards, to help reduce burdens on taxpayers and build trust in the tax system.'

Discuss your tax responsibilities with us.

IMPORTANT DATES

AUGUST 2021

1ST - Due date for payment of Corporation Tax for period ended 31ST October 2020

3RD - Deadline for submitting P46 for employees whose car/fuel benefits changed during the quarter to 5TH July 2021

7TH - Deadline for VAT Returns and payments of Accounting Quarter period ending 30th June 2021

19TH - Monthly deadline for postal payments of CIS, NICs and PAYE to HMRC

22ND - Monthly deadline for electronic remittance of CIS, NICs and PAYE to HMRC

31ST - Corporation Tax Returns filed by companies with 31ST August 2020 as year-end

SEPTEMBER 2021

1ST - New Advisory Fuel Rates (AFR) for company car users

1ST - Due date for payment of Corporation Tax for period ended 30TH November 2020

7TH - Deadline for VAT Returns and payments of Accounting Quarter period ending 31ST July 2021

14TH - Due date for Corporation Tax quarterly instalment for large companies with year-end 31ST March 2022

19TH - Monthly deadline for postal payments of CIS, NICs and PAYE to HMRC

22ND - Monthly deadline for electronic remittance of CIS, NICs and PAYE to HMRC

30TH - CT61 Quarterly Period ends

30TH - Corporation Tax Returns filed by companies with 30TH September 2020 as year end