



MUHASIB
CHARTERED CERTIFIED ACCOUNTANTS

BULLETIN
JANUARY
2022

BUY-TO-LET LANDLORDS 'PLAN TO SELL UP IN 2022'

According to a report, nearly a quarter of landlord's plan to sell up in the next 12 months as the buy-to-let market becomes more difficult to navigate.

According to research conducted by the National Residential Landlords Association (NRLA), 23% of property investors plan to sell another residential property this year. Tougher tax rules, higher costs for green upgrades, and tighter restrictions on evicting problem tenants were among the reasons given by buy-to-let landlords.

Nick Clay, research officer at the NRLA, said:

"Those planning to sell cited changes in tax and regulation, as well as increased costs as the key reasons for selling property.

"The fear of not being able to take back possession of property was the single most important regulatory reason why landlords were selling.

"On tax, the changes in mortgage tax relief continue to bite."

Landlords who are not incorporated can no longer deduct any of their mortgage expenses from their rental income to lower their tax bills. Instead, they receive a 20 percent basic-rate tax credit on their mortgage interest payments. The old system provided more generous 40 percent or 45 percent tax relief on mortgage payments to higher-rate and additional-rate taxpayers. Landlords who sell residential property other than their primary residence have 60 days to report and pay any capital gains tax due.

Before you sell an asset, get in touch with us.

NEW EU CHECKS INTRODUCE MORE RED TAPE FOR IMPORTERS

According to a report by the Federation of Small Businesses, most UK importers were caught off guard when import controls on EU goods were implemented recently (FSB).

Customs declarations and controls were fully implemented on 1st January 2022, though safety and security declarations were not required until 1st July 2022.

Full customs declarations for EU goods could be delayed at the point of arrival before 1st January 2022.

Importers will now be required to submit paperwork in advance of arrival that includes notice of food, drink, and products of animal origin imports. According to FSB research, only 25% of small importers were aware of the changes and had prepared for them before this month. In the current climate, one in eight (16%) importers polled said they were unable to prepare for the introduction of checks, and 33% were unaware of the new rules prior to the study.

Since the UK formally left the EU this time last year, importers have already had to deal with increased bureaucracy. At the same time, complicated VAT rules on imports were changed, requiring UK businesses to account for import VAT on goods worth £135 or more. The majority of businesses that are subject to this rule use the postponed VAT payment system, which allows them to account for VAT on imported goods on their next VAT return.

This means that the goods can be released from customs without having to pay VAT right away.

Please contact us if you have any questions about VAT.

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TAX PLANNING IDEAS FOR THE NEW YEAR

We think about New Year's resolutions at this time of year. It's also a good time to start thinking about your tax affairs before the tax year ends on 5TH April. Maximising your ISA allowances for the 2021/22 tax year (still £20,000 each) is an obvious tax planning point.

You should also consider increasing your pension savings before 5TH April 2022, because the unused annual pension allowance expires after three years. It's a good time to review (or make) your Will if you want to do some inheritance tax planning.

Speak to us about your tax affairs.

TAX PLANNING IDEAS FOR THE NEW YEAR

In the absence of a Will, statutory rules govern how your assets are distributed after your death. You may want to make specific provisions in your Will for your unmarried partner or guardianship of your children because the statutory intestacy rules may not be tax efficient.

Talk to us about the tax implications of your plans before you instruct a solicitor to get your Will drafted or updated.

DO YOU WANT TO LOWER YOUR TAX BILL?

If your tax payment due on January 31 is higher than expected, there is still time to lower your liability if you are willing to take a chance. Investing in a company that qualifies under the Enterprise Investment Scheme (EIS) or Seed EIS is an HMRC tax planning opportunity. These investments allow you to deduct 30% or 50% of the amount invested from your income tax bill, respectively. For example, if you invest £10,000 in a qualifying EIS company, you can deduct £3,000 from your taxable income.

Normally, the shares must be issued during the tax year in question, but it is also possible to invest in the following tax year and carry the relief forward.

You should seek independent financial advice because these are risky businesses, particularly Seed EIS businesses, which are smaller start-ups.

For further information speak to us.

IMPORTANT DATES

JANUARY 2022

1ST - Due date for payment of Corporation Tax for period ended 31ST March 2021

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

14TH - Income Tax due date for CT61 period to 31ST December 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 - Deadline for filing Self-Assessment Tax Returns for tax year ended 5TH April 2021 and 2020/2021 Capital Gains Tax

31ST - Balancing payment of tax due for 2019-2020 and first Payment on Account for Income Tax for 2021/2022

31ST - Due date to file Corporation Tax for companies with 31ST January 2021 year end

FEBRUARY 2022

1ST - Due date for payment of Corporation Tax for period ended 30th April 2021

2ND - Deadline for submitting P46 (Car) for quarter ending 5th January 2022

7TH - Deadline for VAT Returns and payments of Accounting Quarter period ending 31st December 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

28TH - Due date to file Corporation Tax for companies with 28th February 2021 year end