

If this E-Mail does not display or print correctly [click here](#)



# Smith Craven

## Chartered Accountants

**Doncaster:** 01302 329511 | **Sheffield:** 0114 272 3838  
**Worksop:** 01909 512160 | **Chesterfield:** 01246 232482  
Email : [mail@smithcraven.co.uk](mailto:mail@smithcraven.co.uk)

### Welcome...

To September's Tax Tips & News, our newsletter designed to bring you tax tips and news to keep you one step ahead of the taxman.

If you need further assistance just let us know or you can send us a question for our [Question and Answer Section](#).

We are committed to ensuring none of our clients pay a penny more in tax than is necessary and they receive useful tax and business advice and support throughout the year.

Please contact us for advice in your own specific circumstances. **We're here to help!**

### September 2016

- [Dividend Allowance](#)
- [CIOT examines new corporate offence proposals](#)
- [FB 2016 amendment on OTS appointments proposed](#)
- [EU consultation on ending VAT on eBooks](#)
- [September Questions and answers](#)
- [September Key Tax Dates](#)

## Dividend Allowance

[top](#)

Legislation included in Finance Bill 2016 implements the new 0% rate for dividend income, as well as changing the rates of tax for dividend income. Once enacted, the changes will apply from 6 April 2016. Broadly, the **new nil rate applies to the first £5,000 of a person's dividend income** and is available annually. From 6 April 2016, UK residents pay tax on any dividends received over the £5,000 allowance at the following rates:

7.5% on dividend income within the basic rate band;

32.5% on dividend income within the higher rate band; and

38.1% on dividend income within the additional rate band.

Dividends received on shares held in an Individual Savings Account (ISA) continue to be tax free.

Individuals in receipt of dividend income who will fall into the self-assessment regime for the first time, will need to notify HMRC accordingly. Self-Assessment returns for the 2016-17 tax year need to be submitted by 31 January 2018.

The introduction of the new allowance is designed to help incentivise businesses to incorporate and make payments as dividends rather than as wages simply to reduce their tax bill, in turn assisting the Government with its plan to reduce the rate of corporation tax in the coming years - as announced at

Budget 2016, the main rate of corporation tax is expected to be reduced from its current rate of 20% to 17% by 2020. The overall policy objective is that only those with significant dividend income, or those who are able to pay themselves dividends in place of wages, will pay more tax. It is estimated that around one million individuals will pay less tax on their dividend income due to the new dividend allowance.

The dividend allowance will apply to dividends received from UK resident and non-UK resident companies. Dividend income that is within the dividend allowance (and savings income within the new savings allowance) will still count towards an individual's basic or higher rate limits - and may therefore affect the level of savings allowance that they are entitled to, and the rate of tax that is due on any dividend income in excess of this allowance.

In calculating into which tax band any dividend income over the £5,000 allowance falls, savings and dividend income are treated as the highest part of an individual's income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

### CIOT examines new corporate offence proposals

[top](#)

The Chartered Institute of Taxation (CIOT) has recently expressed its concerns that the new corporate offence of failure to prevent the criminal facilitation of tax evasion may lead to a string of prosecutions in relatively small cases where civil penalties can already provide enough punishment.

The Institute set out its concerns in its response to a HMRC consultation on the new corporate criminal offence, which aims to overcome the difficulties in attributing criminal liability to corporations for the criminal acts of those who act on their behalf.

It is still HMRC's intention to keep to their original implementation timetable so that the legislation will be introduced to Parliament in the autumn with Royal Assent expected by early 2017. **Given the uncertainty that the EU Referendum decision is causing (and will continue to cause for some time) to business, the CIOT has asked HMRC to consider delaying implementation of this measure.**

The three stages of the new offence are:

- Stage 1: criminal tax evasion by a taxpayer (either an individual or an entity) under existing law. There has to be 'mens rea' so, for now, it will not include the new strict liability offence in Finance Bill 2016.
- Stage 2: criminal facilitation of this offence by a person acting on behalf of the corporation as defined by the Accessories and Abettors Act 1861. The actions of the corporation's representative have to be deliberate. There are no changes being made to the existing law on criminal liability.
- Stage 3: the corporation failed to take reasonable steps to prevent those who acted on its behalf from committing the criminal act at stage 2. This part of the offence is a strict liability offence. It is a defence for the corporation to prove (on the balance of probabilities) that, when the UK tax evasion facilitation offence was committed:
  - (a) it had in place such prevention procedures as it was reasonable in all the circumstances to expect it to have in place, or
  - (b) that in all the circumstances, it was not reasonable to expect it to have any prevention procedures in place.

The Institute's consultation response report can be found [here](#).

The chairman of the Treasury Select Committee, Rt Hon. Andrew Tyrie MP, recently wrote to the Chancellor of the Exchequer, Rt Hon. Philip Hammond MP, to inform him that the Committee disagrees with his predecessor's decision not to consent to a recommendation that the Committee be given the right of veto over the appointment and dismissal of the Officer for Tax Simplification's Chair and Tax Director.

In order to be successful, the Committee says **the OTS must be in a position to provide the Government with robust, dispassionate and high-quality advice**, which can only be improved if those charged with providing it are independent, and seen to be so. This issue sits independently of the breadth of their scope for making recommendations, which is clearly set out in the provisions of the Finance Bill that put the OTS on a statutory footing.

An amendment has been proposed to the Finance Bill to give statutory effect to this recommendation.

The future of the chargeable rate of VAT on digital publications and eBooks is under review as the European Commission (EC) has launched a two-month consultation with a view to abolishing the current full rate VAT.

Member States currently have the option to tax printed books, newspapers and publications at a reduced rate (minimum 5%) and some Member States were granted the applications of VAT rates lower than 5% (super-reduced rates) including exemptions with a deductions right of VAT at the preceding stage (so called zero rates) to certain printed publications. Digital publications that are electronically supplied have to be taxed at the standard VAT rate.

Until 2015, there was a need for a **harmonization of VAT rates for electronically supplied services and in particular electronically supplied publications**, but since 1st January 2015, with the entry into force of new 'place of supply' rules, VAT on all telecommunications, broadcasting and electronic services is levied where the customer is based, rather than where the supplier is located. Suppliers can therefore no longer benefit from being located in the Member State with the lowest VAT rates.

While acknowledging the differences between printed and electronically supplied publications with regard to the format, they offer the same reading content for consumers and the VAT system needs to keep pace with the challenges of today's digital economy.

The objective of the consultation is to seek the views on:

- the commitment by the Commission in its 2016 Actions Plan on VAT to:
- allow Member States the application of reduced rates for electronically supplied publications; and
- allow Member States the application of super-reduced and zero rates for electronically supplied publications;
  
- the definition and scope of electronically supplied publications; and
- the potential impacts of reduced rates for electronically supplied publications.

The consultation period runs from 25 July 2016 to 19 September 2016.

Further information on the consultation can be found [here](#).

**Q. I have recently changed jobs and need to use my car to make business journeys. Will I have to pay tax on the mileage expenses my employer reimburses me for these trips?**



**A.** Employers can pay employees a tax-free and national insurance-free amount for every mile they drive on business duties, currently:

- 45p per mile for the first 10,000 miles
- 25p per mile for each subsequent mile
- 24p per mile for motorcycles
- 20p per mile for bicycles
- 5p per mile extra for each passenger carried on work-related journeys

If your employer reimburses your mileage at less than these rates, you can claim the balance (but not the 5p per mile passenger extra) against your taxable income. For instance, if your employer gives you 30p per mile for 1,000 miles, you have a 15p per mile shortfall and can claim £150 against your taxable income. The big exception to business mileage is the daily commute from home to work and back again.

**Q. When do I need to register for VAT?**

**A.** Changes have been made to the April 2010 edition of VAT Notice 700/1: *Should I be registered for VAT?* to reflect:

- the introduction of a new online system for registering for VAT; and
- the removal of the VAT registration threshold for non-established taxable persons

Very broadly, you need to register for VAT if your annual turnover reaches the current annual registration threshold limit (£83,000 for 2016/17). This threshold operates on a month-by-month basis, so you need to check at the end of each month to make sure that you haven't gone over the limit in the previous 12 months. You also need to think about whether you're going to go over that limit in the following 12 months. If you think you may, you probably need to register.

You can register for VAT even if your turnover is below the threshold and you may actually save tax by doing so, particularly if your main clients or customers are organisations that can reclaim VAT themselves.

You must register with HMRC within 30 days of being aware that you're going to exceed the threshold. See the gov.uk website at <https://www.gov.uk/vat-registration> for further information on registration.

**Q. How can I make a complaint about a recent HMRC PAYE compliance check at my business premises?**

**A.** Most PAYE compliance reviews are settled by agreement. However, if an amount cannot be agreed upon, HMRC may make a formal determination for the tax underpaid, student loan deductions, and penalties. A notice of decision will be issued for outstanding NICs and statutory payments.

An employer can appeal to the tribunal against any determination or notice of decision within 30 days of issue.

There is a set procedure for dealing with complaints concerning the way an investigation has been conducted. Full details are set out in the HMRC Factsheet entitled [Putting things right: how to complain](#). Broadly, the steps are as follows:

**(1)** The HMRC officer dealing with the investigation should be contacted in the first instance, or their

line manager or the person in charge of the HMRC office.

**(2)** If the matter cannot be settled, contact the Director with overall responsibility for the office dealing with the investigation. The Director will review the complaint objectively.

**(3)** Where matters are still not resolved, contact the Adjudicator ([www.adjudicatorsoffice.gov.uk](http://www.adjudicatorsoffice.gov.uk)). The Adjudicator acts as an unbiased and independent referee. The Adjudicator can be contacted at: The Adjudicator's Office PO Box 10280 Nottingham NG2 9PF. Telephone: 0300 057 1111/Fax: 0300 059 4513

**(4)** If at any time a person is not satisfied with the service they are receiving from HMRC or the Adjudicator, they should contact their MP and ask for the case to be referred to the Parliamentary Ombudsman. The Ombudsman accepts referrals from any MP, but the local MP should be contacted in the first instance.

**(5)** Allegations of very serious misconduct by HMRC staff, such as assault or corruption, are dealt with by the [Independent Police Complaints Commission](#) (IPCC).

### September Key Tax Dates

[top](#)

**19/22** - PAYE/NIC, student loan and CIS deductions due for month to 5/9/2016



**30** -Closing date to claim Small Business Rate Relief for 2015/16 in England

### Need Help?

[top](#)

Please contact us if we can help you with these or any other tax or accounts matters.



In addition, if there's anyone else who you think would benefit from the newsletter, please forward the email to them or ask them to contact us to be added to the newsletter list.

### New Clients Welcome

[top](#)

If you are not already a client and are interested in becoming one, we would love to come to meet with you to discuss how we can help and provide you with a competitive quote for our services.



All new client consultations are provided free of charge and without obligation.

### About Us

[top](#)

Smith Craven Accountants are based in Doncaster, Sheffield, Worksop and Chesterfield, offering local business owners and individuals a wide range of services.

Visit our website <http://www.smithcraven.co.uk> for more information.

**If the images do not show.**

If the images contained within this email do not show correctly please add this email to your safe senders list.

### Unsubscribe

To unsubscribe from this email please [click here](#)

**Disclaimer**

The information contained in this newsletter is of a general nature and no assurance of accuracy can be given. It is not a substitute for specific professional advice in your own circumstances. No action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a consequence of the material can be accepted by the authors or the firm.

Copyright © Smith Craven. All rights reserved.  
Sidings House, Sidings Court, Lakeside, Doncaster DN4 5NU