

BULLETIN

Welcome to the October 2023 edition of Bulletin. Please contact us if you wish to discuss any of this month's news in more detail.

CHANGES TO THE WAY YOUR BUSINESS PAYS TAX?

In 2023 and 2024, the taxation of some business types is changing, and complicated transitional rules apply. Reviewing your recent and current financial position will help you to prepare more reliable profit forecasts and estimate your tax bill. Digital accounting, using an accounting software package, is an ideal way to keep on top of the financial health of your business, whilst mitigating any nasty surprises in the form of unexpected tax bills.

[READ OUR DETAILED INSIGHTS ARTICLE ON THIS THEME HERE](#)

UNINCORPORATED BUSINESSES

Reliable profit forecasts are particularly important due to changes to the taxation of sole traders and partnerships from 2024/25. Transitional rules apply in 2023/24 which may result in higher tax bills if your business does not have a 31 March or 5 April year end. Reliable profit forecasts can determine whether or not changing your business year end would be beneficial, and also the timing of that change.

LIMITED COMPANIES

From 1 April 2023 the rate of corporation tax that a company pays depends on the level of the company's profits and the number of "associated companies" (those under common control, which may include companies controlled by close relatives under certain circumstances). Learn what an 'associated company' is, and read more detail about these changes here.

LARGER COMPANIES ARE REQUIRED TO PAY TAX QUARTERLY

Although not a new measure, where a company has profits in excess of £1,500,000 a year it is required to estimate and pay corporation tax quarterly during the year, rather than nine months after the end of its accounting period. This is a significant acceleration of tax payments compared to the normal nine-month payment interval. Consequently, there is a one year "grace period" that applies for the first year the threshold is breached. You might also wish to consider minimizing the number of associated companies to avoid this cash flow disadvantage. We've written about this in more detail, here.

For help with navigating these changes, please [contact our experts](#).

AUTUMN STATEMENT DATE SET FOR 22 NOVEMBER

The Treasury has announced that the Office of Budget Responsibility (OBR) will produce a report on the state of the UK Economy in time for the Chancellor Jeremy Hunt to present his Autumn Statement on Wednesday 22 November.

Last year the Chancellor announced a number of significant changes, reversing many of the proposals in the Kwarteng/Truss mini Budget the previous September. This time we are not expecting too many surprises. However, the leaks and rumours have already started with suggestions that there will be no significant tax cuts. There is also likely to be a General Election within the next 13 months so there may be a few tax sweeteners. The Prime Minister's statement on 20 September on progress to Net Zero suggests that there may be a number of announcements

concerning green energy measures affecting individuals and businesses. Another suggestion has been the possible abolition of inheritance tax.

INHERITANCE TAX ABOLITION RUMOURS PERSIST

In the weeks before any Budget or Autumn Statement there are always leaks and rumours. Normally, in the run up to a General Election there are also tax give-aways in an attempt to re-elect the incumbent political party. One rumour that has been circulating in the press concerns the possible abolition of inheritance tax (IHT). That would certainly be very popular amongst wavering Conservative voters as it would enable them to retain more wealth within the family.

This rumour may have the effect of causing families to delay estate planning pending an announcement. Tax planning can only be based on the tax rules that exist at the time, and should not be based on speculation over future law changes.

A further uncertainty concerns tax changes resulting from a possible change in the political party in government. The Labour Party have history for increasing capital taxes and strengthening the rules concerning the use of trusts in tax planning.

The now disbanded Office of Tax Simplification produced two reports in recent years concerning the simplification of IHT and the complicated interactions with capital gains tax (CGT). The Chancellor may decide to take some of those suggestions on board or possibly abolish IHT and extend CGT to certain transfers on death.

We happen to know all about Inheritance Tax; our in-house experts will be happy to answer your questions and help you make plans. We will of course keep you informed of any changes in tax legislation that may affect those plans.

ARE YOU DUE A NATIONAL INSURANCE REFUND ON CAR ALLOWANCES?

Recent Tribunal decisions in favour of employing companies and against HMRC has caused many organisations in similar circumstance to make protective claims for the recovery of National Insurance Contributions (NIC) in respect of car allowances paid to employees using their own cars or vans for business journeys.

Many employers have a policy of only reimbursing the fuel costs associated with those business journeys (for example at 15p per mile) rather than paying the maximum HMRC Approved Mileage Allowance Payments ('AMAP') rates (currently 45p/25p per mile) on a tax and NIC free basis. The employee can then make a claim for the difference between the 45p allowance and the amount received from the employer as a deduction from their employment income.

The recent Upper Tribunal decisions (which HMRC have confirmed they will not appeal) have held that the amounts paid by the employer in respect of business mileage are exempt from NIC and consequently employers should consider making a claim for repayment from HMRC.

Please [contact us](#) if you think you may be entitled to make a repayment claim.

BRITISH FINANCE WEEK 2023

From 6 to 10 November 2023, the British Business Bank, along with several partners from across the UK, will host Business Finance Week 2023. With a host of free nationwide and regional in-person events and webinars, Business Finance Week 2023 aims to help smaller businesses learn about the different finance options available to them to support their individual needs.

Events include 'Making sense of start-up funding: Where do I start?', 'Unlocking potential for your business through diversity and sustainability and 'Maintaining healthy levels of working capital'.

View the full schedule at <https://www.british-business-bank.co.uk/finance-hub/business-finance-week/>

IMPORTANT DATES

DATE	WHAT'S DUE
01/10	Corporation tax payment for year to 31/12/22 (unless quarterly instalments apply).
05/10	Deadline for notifying HMRC of chargeability for 2022/23 if not within Self-Assessment and receive income or gains on which tax is due. i.e. to register for Self-Assessment.
19/10	PAYE and NIC deductions, and CIS return and tax, for month to 05/10/23 (due 22/10/23 if you pay electronically)
01/11	Corporation tax for year to 31/01/2023, unless quarterly instalments apply
19/11	PAYE and NIC deductions, and CIS return and tax, for month to 5/11/23 (due 22/11 if you pay electronically)

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