

TAX FREE CHILD CARE

Tax-free childcare is an initiative which the Government has opened to all families, who have children 11 years old and under. The scheme is designed to help working families with the cost of childcare, including those who are self-employed.

How does it work?

An online account is opened, through which parents can pay their childcare provider. The Government will pay in £2 for every £8 you pay your childcare provider through the online account. The entitlement is currently set at £2,000 per year, which amounts to £500 a month. The amount for disabled children is currently set at £4,000 per year.

Your childcare provider must also be signed up to the scheme in order for you to use this service.

Am I eligible?

You can claim if the following apply:

1. You are currently in work
2. Each parent is earning at least the National Minimum Wage or Living Wage for 16 hours work a week i.e. £125.28 if you are 25 or over.

You can also apply if you are self-employed, currently on parental leave, sick leave or annual leave.

Further help and guidance

www.gov.uk/help-with-childcare-costs/tax-free-childcare

or you can apply at

www.childcare-support.tax.service.gov.uk/par/app/trialmessage

If you would like any help or further information, please do call the office and we can look into whether you are eligible.



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Business is great but we are always looking for more.
Please pass on this newsletter to anyone you feel may benefit.
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EDITORIAL

Here we are in September and Christmas is just around the corner! This edition of the Oakwood Reminder definitely has some reminders for you- looming on the horizon is Making Tax Digital and please read about contractors obligations, unique reference numbers, tax free child care, making an impression and the changes in National Insurance Contributions. We have also included two photographs taken at THE wedding so you know it actually happened and what a wonderful day it was for everyone especially Gordon and I. I also take this opportunity to thank many, many of you who were kind enough to send emails, cards, flowers with your best wishes, very much appreciated, thank you all.

Jane



3. Mirror Their Body Language - Reflecting your customer's body language can work. However, do not do it without establishing they are in a good mood, and genuine. Imagine if you were copying their body language and they were depressed: the whole meeting could quickly spiral into a dark situation.

4. Use Open Body Language - Open body language is often used in negotiations. This is where the palms of your hands are shown, legs firmly place on the ground – not crossed – and body equally balanced, with head straight. This is the best pose if you want to elicit information from your customer when you are discovering the situations they have that you may be able to find solutions for.

5. Know Who You're Dealing With - Understanding who you are dealing with means you can adjust your approach accordingly. There are four main types of buyers:

Pragmatics: Only want the basic details of what your service/product will do for them at the cheapest price. They make their minds up very quickly. Generally organised and sleek in appearance.

Extroverts: Need little information but served up with a lot of excitement. Your body language here needs to be big and bold.

Supporters: Do everything to keep the status quo. Gentle handling and agreement work best here in selling situations.

Scientists: Need lots of detail about you, your company and the product. They use small calculated movements, rather than the fast-paced delivery you might serve up to an extrovert.

HOW TO MAKE A GOOD IMPRESSION

In businesses today, when we are seeking to be more efficient with both time and money, it is imperative to understand each other better. We need to get our messages across more effectively than before. With video on the increase too, we really need to get our body language in focus straight away. Let's start with first impressions. When someone first meets you, they make their mind up about you within the first three seconds. The next thing they do is validate that first thought. Let's say that upon meeting you, I drop my phone on the floor. If you have decided you like me, you see will me as human. However, if your first thought was unfavourable, you will see me as clumsy. Same situation, different perspective, and all because of the different experiences we have had during our life so far.

To make the greatest impact on first meetings, and increase your chances of being liked (people do business with those they think are like them), create the right impression with your own body language.

1. Feet On The Floor - Whether seated or standing, having both feet on the floor gives you gravitas and quite literally grounds you. It works best when you place them on the ground before you speak. This gives you confidence too as your body is aligned.

2. Make Eye Contact - Your first point of visual contact is probably the eyes. To avoid overpowering your customer, look them in the left eye. This is generally the receiving side of the body, so when we 'give out' we use the right side, such as in handshakes. Looking someone in both eyes for a long period of time can be scary, and this way you take the pressure off. In time, they will look you in the left eye too, which makes for quicker communications.

CLASS 2 NIC AND/OR CLASS 4 NIC

At the same time that Class 2 NIC is being abolished, changes will be made to Class 4 NIC. We have no legislation as yet and so the following comments are based on the information available but may be subject to change.

Class 2 NIC currently gives entitlement to State Pension, Maternity Allowance, Bereavement Benefits and the Employment & Support Allowance. From 6 April 2019, payment of Class 4 NIC will give entitlement to these benefits.

For 2018/19, Class 2 NIC is payable at £2.95pw or £153.40pa. Class 2 NIC is payable where profits exceed the "Small Profit Threshold" of £6,205 but the legislation allows the self-employed with profits below this to pay Class 2 NIC voluntarily.

From 2019/20 it has been announced that Class 2 NIC will be abolished but that for those self-employed people with profits that fall between a new Class 4 NIC Small Profits Limit and the Class 4 NIC Lower Profits Limit will be deemed to have paid Class 4 NIC, thereby giving the person a qualifying year for benefit entitlement purposes. The Small Profits Limit will be set at 52 weeks times the Class 1 NIC Lower Earnings Limit – currently £116pw or £6,032pa.

Using 2018/19 rates, as an illustration, this gives the following effects:

Profits below £6,032	No Class 4 NIC Payable
Profits between £6032 and £8,423	Class 4 NIC deemed to have been paid
Profits between £8,424 and £46,350	Class 4 NIC payable @ 9%
Excess of Profits over £46,350	Class 4 NIC payable @ 2%

The 2019/20 rates will of course differ but the principle involved is clear.

It is not only those self-employed individuals with continuously low profits that will be affected but also those traders who occasionally make losses or whose profits occasionally fall below the new Small Profits Limit.

Consideration will need to be given to a particular individual's contributory record for various benefits which will affect the decision whether to partially reduce available capital allowances claims to ensure profits reach the Small Profits Limit – something that will not be possible for those using the Cash Basis of assessment.

COMPANY TAX UNIQUE TAX REFERENCE (UTR)

Every year HMRC receive a large number of calls asking for the Company Tax UTR. Having a UTR ensures we can do business with HMRC, such as using their online services and filing your tax returns.

HMRC issues a UTR to all new companies upon registration. When we register at Companies House, then we will be able to see your UTR online once the registration details have been passed to HMRC.

It is important that you keep your UTR secure. We advise that if you have incorporated the company directly, you pass your UTR on to us, as well as keeping a note of it yourself.

If you lose your UTR and have registered for HMRCs online services, then you can locate it in your Business Tax Account. Alternatively, the UTR can be found on the CT41G or other letters HMRC have sent you.

THE GENIE

An accountant is walking along the beach when he finds an old lamp. He picks it up and rubs it and suddenly, a genie appears.

The genie says, "I am the most powerful genie that ever existed. I have done wonderful things in my time and I can grant you your dearest wish. But only one wish".

The accountant is a deeply caring person. He pulls out a map of the Mediterranean and says, "My dearest wish is that you solve the Middle East problem".

The genie strokes his beard and looks worried. "Oh dear, that's a bother, those people have been fighting each other for centuries. Everybody has tried to solve that problem without success. I'm not sure I can do any better. You'd better have another wish".

"All right", says the Accountant. "The Inland Revenue have asked me to redesign the Tax Return Form so that everyone can understand it. Can you help me with that?"

There is a long silence. Finally the genie says "Let's take a look at that map again".

HELPFUL REMINDERS FOR SUBCONTRACTORS

As a subcontractor, if you receive payment from a contractor and a deduction is made, the contractor must provide you with a Payment and Deduction Statement or PDS.

This needs to be given to you within fourteen days of the end of the tax month, so no later than the 19th of the month following payment. The PDS can be provided each time you're paid if you are paid more often than this. They can also be kept electronically, provided both you and the contractor agree, and can store and print them. This is important as you will need them to help you complete your tax returns.

As a contractor, please remember your duty to provide the PDS monthly to your subcontractors.

MAKING TAX DIGITAL (MTD)

MTD is part of the government's plans to make it easier for businesses to get their tax right. Through using MTD-compatible software, HMRC is hoping to reduce errors, cost and uncertainty.

MTD for VAT will become mandatory in April 2019 for businesses with turnover above the VAT threshold (currently £85,000). This means those businesses will have to keep records digitally and use MTD-compatible software to submit their VAT returns.

Please talk to us to guide, advise or manage the transition to digital records. Acting now will be time and expense saving come April 2019.

Contact Jane or Camilla at your earliest convenience.