

# *Oakwood Reminder*



*December 2019*

*Volume 20 —Issue 4*

Business is great but we are always looking for more.

Please pass on this newsletter to any one you feel may benefit.

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## EDITORIAL



Welcome to the final edition of the Reminder for 2019.

What a year it has been, so many changes and another year almost over.

I hope you like the photo on the front cover, we had the lights put up early this year, the poor electrician worked the whole day in the rain so I could provide you with a photo! He has done an excellent job and I can recommend him, so do ask if you want your outside lights done- mind you his experience with us might make him turn you down!

Such machinations going on with Brexit and now the election and some businesses are feeling jittery. We haven't found many of you are concerned especially about Brexit, many folk have 'insulated' themselves and don't put all their business in one place. We thoroughly recommend you develop and maintain as many different streams of income as you can.

It is also essential that you keep up with changes if nothing else, especially if they are to your advantage. In this edition, we cover tax free childcare, child benefit pension benefits, executorship, probate and inheritance tax planning which could be of interest to you.

What you shouldn't miss if you are thinking of selling a property, is the change to CGT from next April, the importance of National Insurance Contributions and perhaps taking out our fee protection insurance.

Also we have provided some statistics on various business indicators, insolvencies up this year and the encouragement not to be gloomy and to look forward to 2020 as a **New Opportunity!**

Finally, we say goodbye to Chester, our family dog for the last 16 years and of course, our chief security officer! He has had a long and happy life and went at the right time as he was failing and beginning not to enjoy life. He has shared our office with Storm for the last 2 years and recently Gemma joined us in August and she brings Louie to work so there will still be a welcome in the office for you when you come to visit and we will be nice to you as well!

Enjoy the season of goodwill and have a Happy, Healthy and Prosperous New Year

**Jane Briggs**  
**FCPA**



### **Tax-Free Childcare Are you paying too much for childcare?**

Yes, if you're missing out on Tax-Free Childcare or have applied, but not (yet) used your childcare account! Why? Because parents who do, can save up to £2,000 per child per year on regulated childcare costs, such as:

- childminders • nannies • before and after school clubs • holiday clubs.

For example, if your childcare costs are £750 per month, you'd only need to pay £600 because the government will add £150 'top-up' into your childcare account. Plus, it's now even quicker for parents to make Tax-Free Childcare payments, with most taking less than 24 hours to complete. Despite this, we know some parents are still missing out on the benefits of Tax-Free Childcare. We'd welcome your help in changing that, so please have a look yourself or tell your friends how Tax-Free Childcare can save money, today! For more information, please visit the Childcare Choices website.

### **Save the Children Christmas Jumper day 2019**

Last year we managed to raise £94 for Save the Children with our Christmas Jumper day. We'll be wearing our Christmas Jumpers this year too, on Friday December 13<sup>th</sup>! We're also collecting donations via a Just Giving page set up solely for Save the Children! Visit our FaceBook page or website for more information! <https://www.justgiving.com/fundraising/cjd190033351>



**Save the Children**



## Voluntary donations of IHT

When a life insurance policy pays out, the default position is that the value forms part of the estate of the deceased. If Inheritance Tax ("IHT") is chargeable on the estate, that means that up to 40% of the insurance pay-out goes to the Exchequer in tax.

However, this charge can almost always be avoided by writing the policy in trust. According to figures recently published by HMRC, IHT was paid in respect of nearly 8,000 life insurance policies in 2016/17, with the average IHT charge being £37,500. That's some £300m effectively gifted to the Exchequer.

To be clear, writing a policy in trust in this way is not devious tax planning exploiting a loophole; it should be absolutely routine. Indeed, when the Office of Tax Simplification published their report on "Simplifying the design of Inheritance Tax" earlier this year, it suggested that the default position should be changed so that such receipts would fall outside the charge to IHT.

Setting up the trust need not be complicated, and insurers often provide standard documentation. But as with all trusts it's important to check that the arrangements meet your specific needs: something we can help with, of course. It's not vital that the trust is set up at the same time that the policy is taken out (though that's the obvious time to do it); it can be done subsequently. So, if you have an existing policy not written in trust, it's not too late to do something about it now.

On a related point, it is worth recalling that where encashment of policies gives rise to an income tax charge, it will be more tax-efficient for trustees to appoint policies to basic-rate beneficiaries and allow the beneficiaries to encash them, rather than cashing in the policies and distributing the cash.

For more details, please get in touch with us.



## What National Insurance is for



National Insurance contributions count towards the benefits and pensions in the table.

<b>Benefit</b>	<b>Class 1: employees</b>	<b>Class 2: self-employed</b>	<b>Class 3: voluntary contributions</b>
Basic State Pension	Yes	Yes	Yes
Additional State Pension	Yes	No	No
New State Pension	Yes	Yes	Yes
Contribution-based Jobseeker's Allowance	Yes	No	No
Contribution-based Employment and Support Allowance	Yes	Yes	No
Maternity Allowance	Yes	Yes	No
Bereavement Support Payment	Yes	Yes	No

Class 4 contributions paid by self-employed people with a profit over £8,632 do not usually count towards state benefits.

## Is the future gloomy?



The number of underlying company insolvencies in quarter 2 of 2019 increased by 2.6% to the highest level since quarter one in 2014.

The construction sector has seen the biggest share of insolvencies with more than 3000 in the year ending in quarter 2.

Other businesses are struggling with higher wages, pensions, auto enrolment costs and skills shortages.

Uncertainty weighs severely on small firms and the self employed and central to this has been the uncertainty of the unknown nature of the UK's future relationship with the EU.

Fewer than one in three EU citizens in the UK have had settlement, or pre-settlement, status applications approved. One in five small employers rely on the skills of EU citizens and with employment levels at record highs, finding the right staff is a major barrier to growth.

Central to coping and managing this gloomy news, is your accountant.

We assist you in making sure you take on the right staff at the right salary, with an employment contract and approved workplace pension.

We help with your bookkeeping and running your business to cope with cash flow, profit forecasts and so much more.

So take heart, use us to help you to flourish and grow and the future could be rosy!

## **Is the future gloomy?**

**NO**

**NO stands for New Opportunity**



### Q3 insolvency statistics:



The Insolvency Service has released its figures for Q3 2019 revealing an upwards trend across all company insolvencies except Compulsory Liquidations. Administrations are reported to have reached their highest since Q1 2014 and Creditor's Voluntary Liquidations peaked above levels not seen since Q1 2012.

Overall individual insolvencies are also on the up with a 0.6% rise from Q2 2019. The last four quarters have seen Individual Voluntary Agreements at their highest on record with just under 20,000 this quarter.

The upwards trend of individual voluntary arrangements and creditors voluntary liquidations we are seeing may be down to the increased willingness creditors are showing by allowing debtors the breathing space to seek advice; this doubled with the high costs incurred by creditors looking to instigate proceedings means the debtor is often in charge of the next steps and a voluntary process is generally the preferred way forward.

### Fee Protection Insurance Bonus



You will have received our marketing material to encourage you to take out our valuable fee protection insurance and it is still not too late to subscribe. As well as the cover in case of HMRC investigations and enquiries, you will have access to the members 24 hour 365 days a year telephone legal advice helpline free of charge. This can cover any commercial legal problems from contract matters, landlord and tenant or property queries through to handling employment or health and safety matters. You will have the telephone number and our unique members' reference number to quote.

So if you feel this might be of use to you, please do call us and we will arrange cover for you. You can join at any time throughout the year.





## Child Benefit pension benefits



Child Benefit has been around since the 1970s. It got complicated when the High Income Child Benefit Charge (“HICBC”) was introduced at the start of 2013. This tax charge applies if you or your partner (not necessarily spouse or civil partner) receive Child Benefit, and either of you has income of more than £50,000. The HICBC recovers an increasing proportion of Child Benefit if the income is over £50,000, and all of it if the income is over £60,000.

People have sometimes overlooked telling HMRC of their liability to HICBC and have been charged interest and penalties for their failure: for that reason, if you know for sure that any Child Benefit is going to be recovered in full as a HICBC, you might conclude that it’s easier to forgo registering for it in the first place. It does, after all, save the faff of completing a multi-page form CH2 at a time when, frankly, filling out government forms may not be at the top of your to-do list.

### **Easier, but not always wise.**

What’s not as widely known as it might be is that Child Benefit has two other interactions with the National Insurance system.

- The first (admittedly rather long-term in its effect) is that it gets the infant’s existence recorded onto the National Insurance system and ensures that he or she is automatically allocated a National Insurance number on reaching age 16.
- The second (actually even longer-term in its effect but rather more important financially) is that a person who is awarded Child Benefit automatically gets National Insurance credits (relevant to establishing an entitlement to State Pension) until the child turns 12.



Both of these benefits apply even if Child Benefit is fully recovered as HICBC or not actually paid at all. All that is required is that you register for and are awarded Child Benefit. Having registered, you can, if you know that any Child Benefit will be recovered in full by a HICBC, opt not to receive it.

It's also important that the right person registers for Child Benefit. It's only the person who is awarded Child Benefit who gets the National Insurance credits. So if one partner in a couple is already paying National Insurance Contributions and the other isn't, it's the one who is not paying Contributions who should register for Child Benefit.



### JOKE TIME



**Where do elves hedge their bets?**

On the stocking exchange

**Why did Santa get in trouble with the tax man?**

He missed the deadline on his elf-assessment

**What do you call an accountant who works through lunch, takes 1 day holiday a year and leaves every night at 10pm?**

Lazy

## Statistics, wills and probate!

Office of National Statistics report that in 2018 there were 584,024 people aged 90 and over and three quarters of those over 90 are between 90 and 95!

This means more and more people are falling into the 'sandwich' generation- those with growing children and ageing parents as well. Work/life balance can already be a tightrope of balance but to add to this, the problems of those ageing and those growing, just makes life more difficult.

We can't help with childcare or counselling but where we can help is when the inevitable happens and you have a death to cope with, a funeral to arrange and an estate to manage. From ensuring your loved ones have made a will to make clear their wishes, we can act as professional executors and manage the estate up to probate.

If this service is of interest, please do call Jane to discuss further. You can share the executorship with us so that you are involved at all stages but have the 'cushion' of knowing someone else can take the heat off you!



## Credit Notes new rules

Your VAT on sales can only be reduced through Credit Notes if a refund is made to your customer. This doesn't have to be a physical payment, but you must ensure the refund is issued in the same period to where the credit note relates.

The 'refund' can be used to offset other outstanding invoices.

### **'Inflation uplifts confirmed for state pensions'**

The September 2019 inflation figures are always used to uplift statutory

values for the next tax year. State pensions are triple locked and rise by the highest value of inflation, average earnings growth of 2.5%. The highest measure this year is average earnings growth at 3.9%, meaning the basic

state pension will rise to £134.25 per week in April 2020. The single tier pensions will rise to £175.20 per week.

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### **UK's earnings growth was fastest in finance and business services**

Annual % change on rolling 3-month nominal average weekly earning for total pay

— Total — Private — Public — Services — Finance and business  
— Manufacturing — Trade, hotels and restaurants



Excludes construction because of volatility

Sources: ONS, Refinitiv

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## Capital gains tax on property: changes from next April

On 6 April 2020, capital gains tax (CGT) on property is changing. This is likely to have a significant effect on the amount of tax you hand over to HMRC following a property disposal.

There will be three significant changes to the current legislation:

### Lettings relief

- **Currently:** if a property is at some stage an individual's main residence and also has a period when it was let, there is potential CGT relief on up to £40,000 of any gains. Where the property is jointly owned, **each owner would receive the £40,000 relief.**
- **From April 2020:** this relief will only apply if the letting was undertaken whilst the owner(s) were living in the property.

### Principal private residence status

- **Currently:** where a property has been a main residence for the last 18 months of ownership, even where you are not living there, this is treated as the principal private residence period and exempted from tax.
- **From 6 April 2020:** this period will be reduced to nine months.

### CGT liability

- **Currently:** where a CGT liability arises, this is reported via a tax return and paid by 31 January following the end of the tax year in which the disposal is made.

- **From April 2020:** a provisional calculation of the gain will need to be submitted and the arising tax paid over to HMRC. The gain will still be reported on the tax return and adjustment can be made at this point. In reality, whilst tax may be calculated and paid at a rate of 28%, some of the gain may fall within the 18% yet this would not be known until the tax return has been completed.

If you are thinking of selling or gifting a property, we can assist you by determining the cost differences in doing so pre- and post-April 2020.

### The new legislation in action

Here is an example of how significantly the CGT changes could affect a property that is jointly owned.

A property has been valued at £1m. It was purchased 20 years ago for £250,000. It was a main residence for the first 10 years and then subsequently let for 10 years.

- Under the current CGT rules, CGT (at 28%) on a disposal would be £29,173 for each owner, due by 31 January 2021.
- Under the new CGT rules from April 2020, the CGT (at 28%) on a disposal would be £44,231 for each owner, due 30 days after completion.

This shows that due to the change in legislation, the couple would be more than £30,000 worse off should the property be sold post-April 2020! So if you are thinking of selling or gifting a property, you will want to plan accordingly. We can help you to determine the cost differences between a property disposal before April 2020 and a property disposal post-April 2020, helping you to make the right plans for your circumstances.



## Oakwood Sponsorship Update



Shottermill & Haslemere FC struggled initially this season, only taking one win from their opening 5 games in league and cup, including defeat away to Cranleigh. Form has picked up drastically in recent weeks however, beating first and third placed sides Hambledon and West End in consecutive matchdays the first team look to be back to their ways of old.







This is Cranleigh FC's first season having girls only teams and the girls have made a great start to the season. Our squad has now grown to 23 girls, which is a lot more than we could have hoped for at the start of the season and I am so proud how much they all seem to be enjoying playing football and of the effort they are putting in each week at training. So far the U7/8s team has played in 3 league mini-tournaments and 2 friendlies. In every match they have played with great sportsmanship and kept battling till the final whistle, often against more experienced opposition. We have noticed significant improvements already in both their understanding of the game and their skills.



## Chester Briggs 9 February 2004 to 22 November 2019

Chester was found as a small pup, wandering outside the One Stop shop in Alfold Road in Cranleigh. He was taken to the local vets and the young man who found him posted a photo on Facebook and my daughter in law Susan spotted this. Alex also happened to work with this same young man so we took a look at him. Tom went to the Vet with Susan and they fell in love (Tom and the dog not Susan and the vet!) and Chester came home. When Tom moved back up north in 2007, Chester went with them and when Tom had a wife and two small children in a small two up, two down, he asked if Chester could retire to sleep Surrey so back he came in 2014. Alex and I found in him a wonderful companion, patient, laid back, easy going, gentle, quiet and very good company all round- always wagging his tail in greeting, willing to go out except when it was raining, and he would get wet. He was great in the office, welcoming all visitors and making sure we gave him a treat in thanks for his welcome and then off to bed he would go to let us get on with the work!

We shall miss him greatly and he will never be replaced but we will enjoy Storm and Louie as they try valiantly to fill his shoes/paws/place!

