OASIS ACCOUNTANTS

Businesses in the retail, hospitality and leisure sectors are to receive a one- off grant worth up to £9,000, the Chancellor has said. The move follows the Prime Minister's announcement on 04 Jan 2021, that these businesses will be closed until at least February half-term to help control the virus. Grant is expected to benefit over 600,000 business properties, worth £4.6bn in total across all nations of the UK.

The one-off top-ups will be granted to closed businesses based on rateable values.

- £4,000 available for businesses with a rateable value of £15,000
- £6,000 for businesses with a rateable value between £15,000 and £51,000
- £9,000 for businesses with a rateable value of over £51,000

Additional Grant £594m available for local Councils

A further £594m is also being made available for Local Authorities to support businesses not eligible for the grant, with businesses encouraged to apply to their Local Authorities.

Others Government Grants & Reliefs for Business Announced Earlier – Likely to be extended after the review once lockdown is relaxed to revive demand and supply.

- Furlough Pay extended till April 2021
- 5% VAT reduced rate for Business in Hospitality, Accommodation & Leisure till March 2021
- Business Rate relief till April 2021
- 100% Government Back Loan Extended till March 2021

Under Restriction Business Operations – Retail, Hospitality, Leisure & Sports

- All non-essential retail, hospitality and personal care services must close, or remain closed. Restaurants can continue delivery, takeaway or click-and-collect of food and non-alcoholic drinks, but venues will no longer be able to serve takeaway or click-and-collect alcohol.
- Essential shops and garden centres can remain open. Entertainment venues and animal attractions such as zoos must close, but the outdoor areas of venues such as heritage homes and botanical gardens can remain open, to be used for exercise.
- Indoor and outdoor sports facilities including sports courts, gyms, golf courses, swimming pools, and riding arenas must also close.

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Who needs to file a self-assessment tax return?

Most UK taxpayers have their taxes deducted automatically from their wages, pensions or savings, and won't need to file a tax return. But tax returns are due from individuals or businesses who haven't had tax automatically deducted, or who have earned extra untaxed income.

You'll need to submit a tax return if any of the following applied to you in the 2019/20 tax year:

- You were self-employed and your income was more than £1,000.
- Your income was more than £50,000, and you or your partner claimed child benefit.
- You earned more than £2,500 from renting out property, or from other untaxed income such as tips or commission
- You earned more than £100,000 in taxable income.
- You earned £10,000 or more before tax from savings, investments, shares or dividends.
- You earned income from abroad, or lived abroad and had a UK income.
- You need to pay capital gains tax.
- You received income from a trust.
- Your state pension was more than your personal allowance and was your only source of income (unless you started getting your pension on or after 6 April 2016).
- HMRC has told you that you didn't pay enough tax last year (and you haven't already paid up through your tax code or voluntary payments).
- You filed a self-assessment tax return last year (even if you didn't owe any tax). You'll need to do this unless HMRC has already written to you to say you don't need to file one

What if I've signed up to a repayment plan?

Those who owe tax of less than £30,000 (and more than £32) in January 2021 (so that'd be the deferred July payment and January 2021's 'on account' payment) have been able to use HMRC's 'Enhanced Time to Pay' mechanism to agree a repayment plan to spread that tax bill and repay it by direct debit over up to 12 months – even if that goes beyond the 31 January 2021 deadline.

To use this service, you need to have filed your 2019/20 tax return by the 31 January 2021 deadline and set up the repayment plan no later than 60 days after the due date of a debt. In addition, you need to have no outstanding tax returns, other tax debts or other payment plans set up. You can set up a Time to Pay plan online through your tax account, or you can call HMRC on 0300 200 3822 (open Monday to Friday, 8am to 4pm).

What if I miss the deadline?

You'll be charged a £100 penalty if you fail to submit your return by the deadline – even if there's no tax to pay.

Further penalties of £10 a day are applied after three months, up to a maximum of £900. After six months, you'll get a further penalty of 5% of the tax owed or £300 (whichever is greater), which is repeated at 12 months.

There are also extra penalties for paying the tax late – these will be charged at 5% of the unpaid tax after 30 days, six months and 12 months.

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ants & Peninsula HR LifeSize Webinar

Tax inspections and how to avoid them?

Anybody running a business needs to be concerned about the possibility of facing a tax inspection- says Nicholas Parkes, an ex-tax inspector turned tax information provider. 'In the Revenue, we always believed you could pick up any file and find

What triggers a tax inspection?

- According to Parkes, 7% of tax inspections are triggered at random – 'so HMRC can check that they are targeting their inspections properly and also so that nobody feels safe'. The vast majority, though, happen when HMRC believes there's something wrong. So in theory, small businesses that keep good records and declare everything should have nothing to fear. However, when it comes to mistakes, ignorance is no defence, so firms have to take every care when completing their returns and ensure that they are on time – in other words, don't give HMRC any cause for concern.
- HMRC is increasingly looking at ratio analysis where a company's figures change a lot from one year to the next. Any unusual fluctuations can raise alarm bells for HMRC. Specific queries like these can trigger what's called an aspect enquiry as opposed to a full-blown investigation. 'Example A business owner who had forgotten about a savings account and HMRC discovered this when the bank sent details of the interest to them direct'.

Good records, tidy accounts and clear tax returns

- New powers such as getting information from third parties and tighter penalty regulations, as well as increased powers to search premises, all mean that businesses are under more scrutiny than ever from HMRC. What's more, all businesses are now required to file returns online. That means HMRC can use its own software to analyze returns and compare them to sector averages.
- So what else can trigger an investigation? 'Some types of business get more attention, such as cash-based businesses and industries like building,' It also depends on your accountant's credibility rating. If your accountant is diligent and identifies problem areas clearly, it helps.
- Business owners, sole traders and the self-employed are making decisions on a daily basis about how to keep their accounts. And an accountant can only do as good a job as the records they are presented with.' What every business should do is to use the extra space on their tax return form to explain any unusual fluctuations in turnover or profit.
- Our advice is to review your return carefully, minimise errors and explain any anomalies. If you haven't left anything out, you should have nothing to worry about.

What happens in a tax inspection?

In a full inspection, HMRC will ask for all the records and come back with questions. HMRC can raise penalties of up to 100% of the tax that should have been paid. However, if it's an honest mistake, there's scope for a reduction. They tend to investigate one year's accounts, but if they find you have been deceitful they can then go back five more years or even further. Having said that, often an inspection finds nothing and there's nothing to pay, so it's just about the inconvenience. But for a small firm, the inconvenience and worry that an inspection causes can be significant.

How to reduce your chances of being inspected?

- Always submit your tax returns on time.
- Make sure your returns are accurate and complete
- Explain any changes from one year to the next. Big changes in turnover or gross profit rates will ring alarm bells, especially when drawings taken from the business or remuneration paid to seem to be insufficient.

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HMRC to waive SA late filing penalties for one month

On the 25th January, HMRC announced that those who complete their 2019/20 Self-assessment return before the 28th of February will not be fined the usual £100, thereby extending the January 31st deadline. However, any tax owing and not paid to HMRC by the 1st of February will still incur interest at 2.6%. Penalties on tax owing will begin as normal on the 2nd March. What this means is that HMRC's extension of the deadline to February 28th is only relevant to those who owe little or no tax, as the interest of 2.6% will still be charged on taxes from 2019/20, remaining unpaid on the 1st of February.

HMRC's Chief Executive, Jim Harra

- We want to encourage as many people as possible to file their returns on time, so we can calculate their tax bill and help them if they can't pay it straight away. But we recognize the immense pressure that many people are facing in these unprecedented times and it has become increasingly clear that some people will not be able to file their return by 31 January.
- Not charging late filing penalties for late online tax returns submitted in February will give them the breathing space they need to complete and file their returns, without worrying about receiving a penalty.

Time to Pay arrangement

Taxpayers who cannot afford to pay their tax bill on time can apply online to spread their bill over up to 12 months. But they will need to file their 2019 to 2020 tax return before setting up a time to pay arrangement, so HMRC is encouraging everyone to do this as soon as possible. Time to Pay arrangement by calling the Self Assessment Payment Helpline on 0300 200 3822.

Self-Assessment customers warned about scammers posing as HMRC

Many scams target customers to inform them of a fake 'tax rebate' or 'tax refund' they are due. The imposters use language intended to convince them to hand over personal information, including bank details, in order to claim the 'refund'. Criminals will use this information to access customers' bank accounts, trick them into paying fictitious tax bills, or sell on their personal information to other criminals.

HMRC's Interim Director General for Customer Services, Karl Khan

- We know that criminals take advantage of the Self Assessment deadline to panic customers into sharing their personal or financial details and even paying bogus 'tax due'.
- If someone calls, emails or texts claiming to be from HMRC, offering financial help or asking for money, it might be a scam. Please take a moment to think before parting with any private information or money.
- Customers can report suspicious activity to HMRC at phishing@hmrc.gov.uk or by sending a text to 60599. They can also report phone scams online on GOV.UK.

***Our best advice is to get your Self-assessment return completed before 31st January and make a tax payment to avoid any additional costs for taxes owed.**