

Making Tax Digital

The mandatory use of software for Making Tax Digital for Income Tax Self-Assessment is being phased in from April 2026.



Making Tax Digital (MTD) for Income Tax Self-Assessment (ITSA) was due to come in from April 2024.

However, the government, recognising the current economic environment and

the significant change that a transition to Making Tax Digital represents, has pushed this back to April 2026.

In addition, the previously announced £10,000 threshold for self-employment and property income has been raised, as detailed in the following column.

Under MTD for ITSA, businesses, self-employed individuals, and landlords will keep digital records, and send a quarterly summary of their business income and expenses to HMRC using MTD-compatible software.

In response, they will receive an estimated tax calculation based on the information provided to help them budget for their tax.

At the end of the year, they can add any non-business information and finalise their tax affairs. This will replace the need for a Self-Assessment tax return.

If you want to plan for this change now contact me.

Making Tax Digital from April 2026

From April 2026, self-employed individuals and landlords with an income of more than £50,000 will be required to keep digital records and provide quarterly updates on their income and expenditure to HMRC through MTD-compatible software.

Making Tax Digital from April 2027

Those with an income of between £30,000 and £50,000 will need to do this from April 2027. Most clients will be able to join voluntarily beforehand, meaning they can eliminate common errors and save time managing their tax affairs.

Income below the £30,000 threshold

The government has also announced a review into the needs of smaller businesses, particularly those under the £30,000 income threshold. The review will consider how MTD for ITSA can be shaped to meet the needs of these smaller businesses and the best way for them to fulfil their Income Tax obligations. It will also inform the approach for any further rollout of MTD for ITSA after April 2027.

Mandating of MTD for ITSA will not be extended to general partnerships in 2025 as previously announced.

Andrew Kershaw

023 8046 1245

andrew.kershaw@hwb-accountants.com

Pension tax reform

Following the Budget, the pensions annual limit will increase from £40,000 to £60,000 and the Lifetime Allowance limit will be abolished to encourage highly skilled individuals to continue working for longer.

Key dates and deadlines

Annual Tax on Enveloped Dwellings return and payment due for companies already in the regime	30 April 2023
Issue P60s to employees	31 May 2023
Deadline to confirm employees' payrolled benefit information	1 June 2023
Copies of 2022/23 P11d documents should be issued to employees	6 July 2023
Second interim Income Tax payment	31 July 2023
Deadline to notify chargeability and advise HMRC of the need to register for Self-Assessment for 2022/23	5 October 2023
Deadline to file the 2022-23 self-assessment tax return by paper	31 October 2023
New Advisory Fuel Rates (AFR) applies for company car users	1 December 2023

Are you getting the state pension to which you are entitled?

Your State Pension amount depends on your National Insurance record.

To obtain the new state pension in full, (introduced April 2016) an individual must ensure they have made 35 years of qualifying National Insurance Contributions (NICs). 10 qualifying years are needed to obtain any of the new state pension.

Eligible contributions include employees whose salary is above the Class 1 NIC lower earnings limit, self-employed individuals paying Class 2 NICs and those making qualifying Class 3 voluntary NIC payments.

If you are unsure how many qualifying years of contributions have been made, you can check on the Government website, using your government gateway account. See www.gov.uk/check-national-insurance-record

Gaps in your NI contributions

If there are gaps in your NIC record, you are normally able to go back six years and make Class 3 voluntary payments to help plug the gap. However, for a man born after 5.4.1951 and a woman born after 5.4.1953, more than six years of voluntary contributions may be made up to 31 July 2023.

Personal Tax

Following the Autumn Statement more people now fall into the regime of needing to complete a tax return and at HWB we are well placed to assist you with this and other tax planning ideas.

Martin Back 02380 461232
martin.back@hwb-accountants.com

Inheritance Tax – act now to protect loved ones later



Being aware of your Inheritance Tax (IHT) position can potentially save your loved one's thousands of pounds. Here are some frequently asked questions.

What is IHT payable on?

All of your assets (including ISAs but generally excluding pensions) are valued at the date of death to calculate your total estate value. Any available exemptions and nil rate bands are then deducted.

The balance is subject to IHT at 40% (or 36% if the reduced rate applies where part of your estate is left to charity).

My estate is worth less than £1 million, which I heard is the threshold, so I don't need to worry about IHT?

This is a common misconception. There is a maximum tax-free allowance of £1 million, but it is not available to everyone. The rules are complex, but broadly everyone is entitled to a nil rate band of £325,000.

Not everyone is entitled to the residence nil rate band (RNRB) of £175,000. Total maximum allowances available will depend on your marital status and whether you have children, as follows:

- £325,000 - Unmarried with no children
- £500,000 – Unmarried with children
- £650,000 – Married couple with no children
- £1,000,000 – Married couple with children

The residence nil rate band (RNRB) has a number of conditions for qualification, so its availability will depend on when you die, who inherits your estate, how much your total estate is worth, whether you own or owned a home and how much it is worth.

Are there any other exemptions?

Gifts to your spouse, civil partner or a charity on your death are exempt from IHT. There are also other exemptions, such as for business and agricultural property.

What is the most common piece of IHT planning advice you give?

To marry your partner so IHT isn't payable twice on the same assets – once on your death, then again on theirs.

Gemma Hedges 023 8046 1259
gemma.hedges@hwb-accountants.com

Government extends Mortgage Guarantee Scheme



The Mortgage Guarantee Scheme has been extended by a year to the end of December 2023, helping people with 5% deposits on to the property ladder.

Under the scheme, the government offers lenders the financial guarantees they need to provide mortgages that cover the other 95%, subject to the usual affordability checks, on a house worth up to £600,000.

Launched in April 2021, the scheme has already helped more than 24,000 households. It was originally planned to close at the end of 2022 but will now be extended until the end of 2023.

Tom Young
023 8046 1254
tom.young@hwb-accountants.com

Payroll Consultancy Services

As accountants, we provide a payroll and auto enrolment outsourcing service but also offer consultancy services to support businesses with in-house strategic payroll related matters.

By offering this service, we are providing essential support for a business critical function.

Our payroll consultancy services include:

- Project support with payroll software implementation
- Existing payroll software reviews
- Pension scheme implementations and reviews
- Auto Enrolment
- Payrolling of benefits
- Implementation of salary sacrifice
- Health checks of internal processes and systems

Working with your in-house team, our consultants would support your project life cycle and add their expertise where required.



James Alesbury 023 8046 1222
james.alesbury@hwb-accountants.com

UKCA Businesses to be given UK product marking flexibility

Businesses will be given an additional two years to apply new product safety marking.

The UK Conformity Assessed (UKCA) marking has been introduced as part of the UK's own robust regulatory framework. It shows that products comply with product safety regulations which are designed to protect consumers.

The UK Government withdrew the requirement to meet the original 31 December 2022 deadline and will continue to recognise the CE marking for two years, therefore allowing businesses until 31 December 2024 to prepare for the UKCA marking.

Businesses can also use the UKCA marking, giving them flexibility to choose which marking to apply.

Civil Aviation Authority seeking ATOL reform

The UK Civil Aviation Authority has released the initial findings of its ATOL (Air Travel Organiser's Licence) reform programme. The regulator is seeking further input from stakeholders as it finalises its proposals for changes to the ATOL financial protection scheme.

The aim of the proposed changes is to provide better protection for consumers' money and improve the financial stability of the ATOL scheme as a whole. This will be done while maintaining the benefits of a competitive travel market with choice for consumers.

At present, some ATOL-protected travel businesses use customers' payments for their holidays to fund their operations before the customer has travelled. This practice may not provide enough protection for the customer and their money. The UK Civil Aviation Authority's update provides more information on how the reform options could work, taking into account the different structures and operations of businesses in the sector.

The regulator's request for information is not a final decision but aims to engage stakeholders and begin implementation of the changes in April 2024.

Experience the difference

FREE

Did you know that we have a free business resources centre on our website that has been designed to help save you time and money?

There are handy guides and business resources to help with key aspects of starting, running and growing a business effectively. Helping to improve understanding of business strategies and processes to help with management tasks such as analysis and forecasting.

Go to <https://www.hwb-accountants.com/news-guides/resources-centre/> to download the guides for you.

We're backing Mountbatten Hampshire



Mountbatten Hampshire, the county's oldest and largest hospice, has been named as charity of the year by HWB employees.

HWB will fundraise and offer practical support for Mountbatten, which has served the community for more than 45 years. This year's HWB activities to raise funds include Associate Director Matt Cooper and Zoe Handley-Greaves from our finance team taking the plunge with skydiving.

Chris Ellison of the Accounts and Audit team has recently completed the Southampton Marathon.

Colleagues Callum Green, Chris Ellison, Taylor Vane, Danny Hockin, Will Churcher, Ben Forster, William Ingram, Joe Colverson and Nathan Parr will participate in a tough mudder, the team-orientated obstacle course run in July.

Support can be given through <https://www.justgiving.com/page/hwb-accountants-zoeskydive>

HWB seminars

We will continue to hold our regular events throughout 2023. You can register online www.hwb-accountants.com/events.

If you've missed any of our previous events, you can catch up via our YouTube channel, where there are also some useful video guides: <https://www.youtube.com/c/Hwb-accountants>

We've been growing our senior team

Nick Whitmore joined us from one of the UK's top ten regional accountancy groups, where he provided tax and business advisory services for individuals and small and medium-sized enterprises (SMEs).



Nick pictured with HWB Director Michaela Johns.

He brought ten years' post-qualification experience and the coveted status of Fellow of the Association of Chartered Certified Accountants, the highest rank that members can achieve.

Southampton-born Nick, who has an honours degree in Business & Finance from the city's Solent University and ten years' post-qualification experience, is continuing to focus on SMEs in his new role of Senior Business Adviser.

Meet new Associate Director Matt



Matt pictured with HWB Managing Director Tracy Jenkins.

After eight years of service, Matt Cooper has been promoted to Associate Director.

He moves up from his previous role as Accounts and Audit Business Adviser to take on a more strategic role.

Matt joined HWB in September 2014 and qualified as a Chartered Accountant in 2017. He has worked with a range of clients from smaller, owner-managed businesses to larger groups and corporates with turnovers in excess of £50 million.