

March 2024

Tax

Newsletter

Budget Special

The latest Budget hasn't brought much concerning the engineering construction industry. Remember, an announcement usually precedes a consultation, followed by legislation, followed by an implementation date. In an election year you need to check the implementation date before you start to worry.

If you ever decide to read government Budget documents the place to start is [OOLAR \(the Overview Of Tax Legislation And Rates\)](#) which tells you where the bodies are buried.

In the March 2024 version it doesn't take long to find this: "The government will bring forward a further set of tax administration and maintenance announcements on 18 April 2024". Also "None of these announcements will require legislation in Spring Finance Bill 2024 or have an impact on the government's finances at this stage." At this stage? Hmmm... watch this space!

However apart from this there wasn't much to get excited about in the Budget. There is to be another cut to NICs which will come in on 6th April – "technical specifications for payroll software companies will be published shortly" was the Budget announcement, which doesn't seem to give any of us much time!

Taxed award schemes

If you use a third party supplier to provide vouchers or non-cash incentives to your staff you need to pay Tax and Class 1A National Insurance on them using a taxed award scheme. Employees then report the award on their tax return so you have to supply them with the grossed-up value of the award and the tax paid on it. You need to agree the value of the award with HMRC's Incentive Award Unit, whose details can be found [here](#). You need to agree any value of any awards for the 2023 to 2024 tax year with them by 6 July 2024.

Advisory fuel rates from 1st March 2024

The latest update applies from 1st March 2024. These rates only apply to employees using a company car.

You can use the rates when you either:

- reimburse employees for business travel in their company cars
- need employees to repay the cost of fuel used for private travel

Hybrid cars are treated as either petrol or diesel cars for advisory fuel rates.

You can use the previous rates for up to 1 month from the date the new rates apply.

The details can be read [here](#). The new rates per mile are listed below.

Engine size	Petrol	Diesel	LPG	Electric* *fully electric cars only
1,400cc or less	13p		11p	9p
1,600cc or less		12p		9p
1,401cc - 2,000cc	15p		13p	9p
1,601cc - 2,000cc		14p		9p
Over 2,000cc	24p	19p	21p	9p

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Testing Making Tax Digital (MTD)

April 2026 is the current projected start date for MTD to begin for self-employed individuals and landlords. If your income is over £50,000 you will have to keep digital records and send quarterly updates to HMRC using compatible software. If your income is over £30,000 but below £50,000 MTD will start from April 2027. There is now an HMRC pilot scheme where registered agents can sign up to trial the system with a limited number of their clients. You might want to check whether your accountant is taking part in the trial and see whether you think it might be something you would want to consider joining. In particular, you might want to check out HMRC's [Impact Assessment](#) with its estimate of the costs of moving to MTD:

"HMRC estimates that those within the £30,000 to £50,000 threshold may incur an estimated average transitional cost of £350 and an average annual additional cost of £110. Those in the above £50,000 threshold may incur an estimated average transitional cost of £285 and an average annual additional cost of £115".

Payrolling benefits

HMRC stopped accepting informal payrolling arrangements last year. If you now need to formalise an informal arrangement you can find the details of what to do [here](#). If you decide not to payroll benefits at all you need to be careful to report any P11D expenses and benefits in kind for the 23-24 tax year by 6 July 2024 – there are penalties for late submission. Clearly payrolling of benefits is going to be the future.

Annual Tax on Enveloped Dwellings

You may need to complete an ATED return if your company owns a UK dwelling valued at more than half a million pounds. If you are within the ATED regime you also need to revalue your property every 5 years: the 2023 to 2024 chargeable period was a revaluation year. The next ATED chargeable period is 1 April 2024 to 31 March 2025 and the appropriate returns must be filed and any charge paid by 30 April 2024. The full details are [here](#).



Extra help

Given the furore about HMRC closing their helplines and then cancelling the decision, it might be worth knowing about the HMRC "extra support" service [here](#). There is a list of the categories of people who are entitled to "extra support" with enquiries to HMRC and how to access that support. You might also make a note of the two charities, [Tax Help for Older People](#) and [Tax Aid](#) plus the campaigning organisation [Low Incomes Tax Reform Group](#).

In Brief

- There is a new statutory entitlement to unpaid [Carer's Leave](#) for employees from 6 April 2024: see [HMRC's guidance](#).
- [The high income child benefit charge](#) threshold increases to £60,000 from 6 April 2024.
- The [VAT registration threshold](#) increases from £85,000 to £90,000 on 1 April. The deregistration threshold also increases from £83,000 to £88,000.
- [The statutory instrument](#) was passed that, from 6 April, brings in the changes removing most payments made by landlords to tenants from the scope of CIS. The full details were in the TIIN [here](#).
- In the unlikely event that you need to take legal proceedings against HMRC, the documents will now need to be served by email. More info [here](#).