

PERSONAL TAX COMPLIANCE

Getting it right

Self Assessment as we know it was introduced in 1997 and there are proposals for a dramatic overhaul of the regime as part of the Government's tax simplification strategy. With institutions sharing information directly with HM Revenue & Customs (HMRC) as it targets tax evasion and avoidance, it is more important than ever that personal tax compliance is undertaken on a timely basis, with appropriate disclosures.

Appointing a UK tax agent

As an authorised tax agent, we can liaise directly with HMRC and file returns on your behalf to ensure that you are meeting your compliance obligations. With increasing amounts of disclosure required, it is very easy to make an innocent error that could result in a tax enquiry that is time consuming and potentially costly if interest and penalties are levied.

For complete peace of mind we can offer a Fee Protection Insurance policy for clients for whom we submit tax returns which, subject to certain exclusions, will cover all time costs incurred by one of our tax professionals in dealing with your tax enquiry.

It is not all about defending your position, as your agent we can communicate with relevant third parties to obtain as much information as possible to complete your Return, saving you time.

Annual Self Assessment Tax Returns

Those who are UK tax resident or who have UK source income will be used to filing UK self assessment returns on an annual basis and paying tax on the two payment dates. Recent legislation has increased the number of returns that individuals are required to submit to HMRC, and the proposed move towards quarterly digital tax accounts is likely to result in new and more frequent filing and tax payment obligations for many taxpayers. Now is the time to bring your tax affairs up to date and to review your future filing obligations to ensure you are compliant.

Gross payment of bank interest

The introduction of bank interest being paid gross is good news for basic rate tax payers. The first £1,000 of interest will be tax free each year however for higher rate tax payers only £500 will be untaxed and for additional rate tax payers there is no entitlement to any tax free interest.

These new rules may bring more taxpayers within self assessment where basic rate tax payers earn bank interest in excess of £1,000 in a tax year and have to directly settle the tax liability arising with HMRC via self assessment.

Taxation of dividend income

The first £2,000 of dividend income is earned tax free for most taxpayers. Any dividend receipts in excess of £2,000 are subject to dividend income tax rates of 7.5%, 32.5% and 38.1% on the gross amount received. For taxpayers with even modest levels of portfolio income depending on your marginal tax rate, this may result in basic rate tax payers coming within the self assessment system to enable any tax due on dividends to be collected.

Non-Resident Capital Gains Tax Returns (NRCGT)

From 6 April 2015 non-UK resident individuals are liable to UK CGT reporting and tax charges where they dispose of UK situated residential property. Net gains will be subject to tax at 18% or 28% depending on the value and nature of the asset sold. Reliefs and exemptions may be available.

For those already filing UK tax returns, an election can be made to settle the tax arising at the usual 31 January payment date however it is important to note a NRCGT Return will still be required. For those not within UK self assessment a NRCGT return plus payment of tax will be required within 30 days of the transaction completing.

Annual Tax on Enveloped Dwellings ("ATED")

Any UK property held within a "non-natural person", i.e. a company, certain partnerships or a collective investment vehicle, worth above £500,000 (based on property value at 1 April 2012), is required to submit an ATED return and pay an annual tax in the UK, based on the value of the property.

The ATED return must be submitted and tax paid by 30 April of each chargeable period. Reliefs and exemptions are available but it is still a requirement to file a return where no tax is due, and late filing penalties will be imposed for non-compliance.

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Long Term Non-UK Domiciled UK Residents

From April 2017 non-UK domiciled individuals resident in the UK for more than 15 out of the past 20 years will become deemed UK domiciled for income tax, capital gains tax and inheritance tax. This will remove the ability to opt for the Remittance Basis of Taxation meaning that worldwide income and gains will be taxable in the UK on the arising basis for such individuals each year and their worldwide estate will be subject to Inheritance Tax on death.

Any long term UK resident individual who currently claims non-UK domiciled status, whether born in the UK or not, should urgently review their UK tax exposure and future compliance obligations. There may be measures that can be implemented to protect offshore assets from exposure to UK taxes.

How we can help you

Our Private Client team is available to help you and your family, whether you need an all round trusted adviser or simply compliance support in filing your UK tax returns. Our holistic approach ensures that we focus on each clients' needs, rather than simply showcasing our technical expertise. Our team comprises tax professionals, qualified lawyers, accountants and financial planners offering seamless advice and fully compliant HMRC reporting.

To find out more about Moore Kingston Smith's bespoke services for private clients please visit:

www.mks.co.uk