



- Chartered Certified Accountants -

Q&A

WITH
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Don't panic....

Words that would be useful to Eddie Howe right now, but also to us business owners. We may not have world class opponents against us, but we do seem to have some issues heading our way that will need careful planning.

Living wage: from April 2016, all employees aged 25 and over must be paid at least £7.20 per hour. This is rising to £9 four years later. This is way above wage inflation and businesses such as those in the hospitality trade will be clearly affected by this.

Auto-enrolment: this is now taking effect for all businesses and once enrolled, all employers must contribute a minimum 1% of salary, rising to 3% by October 2018, into their employees' pension scheme. This clearly amplifies the effect of the living wage above.

Dividend tax: as discussed previously, this will increase the tax owners pay on extracting profits from their business by 7.5%. This is slightly reduced with a reduction in the rate of Corporation Tax to 19% in April 2017 and 18% in 2020.

Landlord tax: owners of residential property who let the property out are horrifically affected from April 2017 in part, 2020 in full.

With the allowance of finance charges and interest only at 20%, this will likely affect ALL or near all landlords, regardless of whether they've been higher rate taxpayers in the past. There are some limited options available but every landlord must sit down with their accountant over the coming months to plan for this.

The moral of all this...plan now and don't be an ostrich!

**To see how we can help you, please contact us on
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