



# EQ Taxation

## Bigger...and better...

Following the merger between EQ Accountants LLP and Carters Accountants LLP on 1 April 2015, the newly enlarged practice is able to demonstrate an added breadth of knowledge in its Taxation team.

Our specialist Taxation team carries great expertise in all taxes and offers a wealth of experience totalling hundreds of years. Head of EQ Taxation, David Morrison, commented "the recent merger provides EQ with an opportunity to build its profile in Scotland. Our

added pool of people allows us to create even greater pockets of expertise, allied with greater experience and volumes of business in those areas."

EQ would be delighted to meet with any potential client, with the offer that the initial meeting will be undertaken at no cost or obligation to you. If you would like to arrange a suitable time, please contact David on **01382 312100** or email him at [david.morrison@eqaccountants.co.uk](mailto:david.morrison@eqaccountants.co.uk)

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# BUDGET 18 MARCH 2015

## Some of the highlights

Chancellor George Osborne delivered his sixth budget speech on 18 March 2015. Some of the key changes announced were as follows:

### Tax rates and allowances for 2015/16

#### Income and capital gains tax

- The standard personal allowance for income tax increased by £600 to £10,600.
- For 2015/16 the band of income charged to the 20% basic rate narrowed to £31,785 from £31,865.
- From 2015/16 married couples or registered civil partners can transfer up to £1,060 (one-tenth) of their personal allowances to their spouse/civil partner, if the transferee only pays basic rate tax. The relief is not available to those who can claim Married Couple's Allowance.
- The annual exempt amount for capital gains tax (CGT) increased by £100 to £11,100 for 2015/16.

#### Corporation tax and R&D

- From 1 April 2015 the main rate of Corporation Tax fell from 21% to 20%.
- The uplift in expenditure for small and medium companies claiming R&D tax credits rose from 125% to 130% with effect from 1 April 2015. The 'above the line' credit for large businesses rose from 10% to 11% on the same date. The credit no longer extends to expenditure on the costs of materials incorporated in products that are sold.

### Annual investment allowance (AIA)

The AIA is the amount of expenditure on plant on which a business can claim 100% relief in the period of purchase. The AIA was increased in April 2014 to £500,000 and this limit was scheduled to revert to £25,000 on 1 January 2016. The Chancellor has stated the limit will not be reduced to that figure but the decision on the exact amount from 1 January 2016 will

not be taken until later in the year – possibly not until the Autumn Statement in November or December.

### Pensions

There are no changes to annual and lifetime allowances between 2014/15 and 2015/16. However, another cut in the lifetime allowance has been announced – the limit on tax advantaged pension funds will be set at £1m (from £1.25m) for pension benefit events from 6 April 2016.

The Chancellor announced in March 2014 that people with defined contribution pensions would have flexible access to their savings from 6 April 2015. The details of the new rules have been developed in the last year, but the essential points remain the same: in most cases, it will be possible to draw out 25% of the fund tax-free, and the remaining 75% can be drawn out subject to the saver's marginal rate of income tax in the year in which the money is drawn.



Anyone with pensions savings should take advice from their own financial advisor to understand their options and the tax consequences of different courses of action. Alternatively, contact Archie Pottinger at [archie.pottinger@eqfp.co.uk](mailto:archie.pottinger@eqfp.co.uk) for further advice.

## Company cars and fuel

The changes that came into force from 6 April were announced several years ago, but the current Budget includes rate changes for 2019/20.

- The tax charge on a company car benefit continues to be based on a percentage related to the CO<sub>2</sub> emissions of the car. From 2015/16, new bands are introduced, 0 – 50g/km (5%) and 51 - 75g/km (9%). The highest emitting cars now have a maximum percentage of 37%, previously 35%.
- The taxable benefit on free fuel provided for use in a company car also continues to be calculated by multiplying the emissions-based percentage by a fixed figure - £22,100 for 2015/16.

The taxable benefits on company cars and fuel continue to increase and you should think carefully when changing your company car.

## Farmers' averaging

As farming businesses are particularly prone to profit fluctuations, they are permitted to average their profits over two adjacent years in certain circumstances. The Chancellor announced that this spreading will be extended to cover five years rather than two from 6 April 2016 – consultation on how the rules will work will take place later in the year.

## Entrepreneurs' Relief

Gains that qualify for Entrepreneurs' Relief ("ER") are subject to a reduced rate of CGT of 10% on up to £10m of lifetime gains.

However, the budget announced changes that take effect for disposals from 18 March 2015:

- Where an individual sells an asset owned personally that was used by a business, at the same time as disposing of an interest in the business itself, the individual must now sell a significant interest in the business in order to qualify for ER on the disposal of the

asset. To qualify for ER at least a 5% interest in the partnership or personal company in which the asset was used must also be sold.

- From 3 December 2014 ER was removed from gains on goodwill transferred to a close company on incorporation of a sole trade or partnership. This rule has been relaxed to a small extent – if a partnership is incorporating, any partner who does not acquire a stake in the new company will be eligible for ER, assuming the other conditions to qualify for ER are met.
- The disposal of shares in a company which does not itself carry on a trade does not qualify for ER. For disposals on or after 18 March 2015 a company that is a member of a partnership, or that holds an investment in joint venture activities, will not be a 'trading company' unless it is trading in its own right.

## End of the tax return

The Chancellor has announced an intention to abolish tax returns, replacing them with 'digital tax accounts' to enable taxpayers to see and manage their tax affairs online. It is not yet clear how this will reduce the taxpayer's responsibilities but a 'roadmap' will be published later this year setting out the policy and administrative changes needed to implement this reform.



Don't forget to download our FREE tax app - with the latest news and updated tax tables and calculators for the new 2015/16 tax rates. Search for "EQ Accountants" in the Apple or Google Play app stores. Please note that the Carters' tax app will no longer be supported and users should download the EQ tax app instead.

For further advice on any of the topics listed, please contact **David Morrison** or **Rachel Bell** on **01382 312100** or email them at [david.morrison@eqaccountants.co.uk](mailto:david.morrison@eqaccountants.co.uk) or [rachel.bell@eqaccountants.co.uk](mailto:rachel.bell@eqaccountants.co.uk)

Our full budget summary is also available on our website at [www.eqaccountants.co.uk](http://www.eqaccountants.co.uk)

# Meet the team – Gavin Nurse



## 1. How long have you worked with EQ?

I started working at Carters in September 2005 after beginning my tax career with HM Revenue & Customs. I began working in the Glenrothes office, where I completed my ATT qualification. I then moved to the Dunfermline office to head up the tax department and I

have recently returned to Glenrothes as Tax Manager. I joined the EQ team in April 2015 following the merger with Carters.

## 2. What do you specialise in?

I have a very wide ranging portfolio of clients involved in most industry sectors, who I assist in a full range of Income Tax and Corporation Tax matters. This has included a variety of compliance and planning work. I also have considerable experience in dealing with HM Revenue & Customs tax enquiries, with my previous role in HM Revenue & Customs allowing me to advise clients on wrapping up enquiries quickly and to their benefit.

## 3. What experience have you gained whilst working at EQ?

At HM Revenue & Customs, I was involved with only specific areas of taxation but with Carters/EQ, I have developed experience in a wider range of taxes and various industry sectors enabling me to consider a client's overall tax position and give them the best advice possible.

## 4. What is the best tax advice you have provided?

Advising clients during HM Revenue and Customs enquiries can be very rewarding. This can be an extremely stressful time for a client, so handling the enquiry to make this as painless as possible, at the same time as reducing any potential tax settlement, I believe is extremely beneficial to our clients.

## 5. What do you think are the main components of good tax advice?

Achieving the best possible outcome for a client by minimising their tax liabilities as much as possible, while also being careful to consider that this is done in such a way as to help them to achieve their business and personal financial goals in a commercial manner.

## Exit Strategies Seminar

On 28 April, EQ Taxation co-hosted an early morning seminar 'Exit Strategies – Planning the Future Success of your Business' at the Apex Hotel. Over 80 delegates attended and feedback confirmed the event was a great success. EQ's part was to discuss the tax implications of exiting a business and topics covered included:

- Various methods of exiting a business and the potential tax implications of each

- Criteria you are required to meet to help reduce your capital gains tax bill on a future exit
- Inheritance tax implications as a result of exiting a business

Due to the success of the seminar, there are plans to run it again later in the year. If you are interested in attending please contact [sarah.gillie@eqaccountants.co.uk](mailto:sarah.gillie@eqaccountants.co.uk)

## EQ Taxation: Contacts

### Cupar 58 Bonnygate KY15 4LD

Tel 01334 654044 Fax 01334 654873

Steven Todd steven.todd@eqaccountants.co.uk  
Liz Goldie elizabeth.goldie@eqaccountants.co.uk

### Dundee 14 City Quay DD1 3JA

Tel 01382 312100 Fax 01382 312101

David Morrison david.morrison@eqaccountants.co.uk  
John Langlands john.langlands@eqaccountants.co.uk  
Sarah Gillie sarah.gillie@eqaccountants.co.uk  
Paula Sutherland paula.sutherland@eqaccountants.co.uk  
Rachel Bell rachel.bell@eqaccountants.co.uk

### Glenrothes Pentland House Saltire Centre KY6 2AH

Tel 01592 630055 Fax 01592 623200

Mark Gibson mark.gibson@eqaccountants.co.uk  
Gavin Nurse gavin.nurse@eqaccountants.co.uk

### Forfar Westby 64 West High Street DD8 1BJ

Tel 01307 474274 Fax 01307 474275

Alan Tucker alan.tucker@eqaccountants.co.uk  
Iain Gordon iain.gordon@eqaccountants.co.uk  
Robert Young robert.young@eqaccountants.co.uk

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