



PROBATE SERVICES NOW OFFERED AT MITCHELLS

A new service that accountants can offer is Probate and we are proud to announce that we were the first firm in Devon and Somerset to pass the necessary exams and become an Authorised Firm under these new rules and only the fifth firm in the country. We can now offer a friendly service for our clients through these difficult times. Providing support through a family bereavement, our services will ease the preparation of papers required to apply for a grant of probate, as well as lifetime inheritance tax planning that is reflected in a Will and the administration of Estates taking pressure off families. In addition we also offer Executorship services to ensure professional handling of affairs alongside family members or friends who may also be appointed to such roles.

STAFF NEWS

As you may know Rachael Tucker has been appointed a partner of the practice alongside David Mitchell and Samantha Vigus. Her appointment comes after being with the practice for a number of years, and qualifying as a Chartered Certified Accountant, this followed on from being promoted to an Associate of the firm in 2012. Rachael is a dairy farmer's daughter, with her family farming in the village of Upottery in the Blackdown Hills.

In addition, we are proud to announce that Esther Chamberlain has been promoted to Manager. Last year she celebrated 13 years with the firm and during that time she achieved the AAT qualification, more recently completing qualification as a Fellow Member. Esther is a farmer's daughter from Tiverton in Mid Devon, and enjoys spending her time outside the office on her family's mixed farm, actively participating especially at lambing time.

James Biggs is the newest recruit to the team. He is undergoing his AAT studies at Richard Huish College in Taunton and is also on the Apprenticeship scheme. James has not only started a new job, undertaken a new regime of studying, but we also congratulate him on his recent marriage. James has moved back to Somerset from Dorset where he worked for the Wildlife Trust. He has a degree in Countryside Management and a BTEC National Diploma in Farming Management.



The 2015 Budget



Accountants Who Understand Agriculture.

In the pre election budget, no one expected too many rabbits to be pulled out of the hat and although there were no ground breaking changes in the tax rates, the announcement of the abolishment of the annual tax return is a surprise to many. There will be a switch to new "digital tax accounts" by 2020, ending the annual rush to file a tax return. The switch is expected to start with five million small businesses and the first 10 million individuals in early 2016, however this is initially for those with simpler tax returns.

Most of us will be able to take advantage of the ongoing fuel duty freeze which saves the average motorist £675 by the end of 2015/16 and in addition some may benefit from the cut in beer duty for the third year in a row, saving a penny off a pint, a 2% cut for spirits and most ciders and a freeze on duty on your glass of wine. From April 2016, people who already have an annuity will now effectively be able to sell it on so they can benefit from the new pension rules announced last year and not be caught by a 55% tax charge. Additionally, there is to be a reduction on the lifetime allowance for pensions tax relief to £1 million from April 2016 which is a decline of £250,000.

Although not included within the budget, auto enrolment is shortly coming into force for many employers and therefore we have taken this opportunity to include some information regarding what you have to do. Auto enrolment is where, if you have eligible staff, they must be automatically enrolled into a pension scheme and the employer must make contributions unless the employee decides to "opt out". If you have current staff members or are thinking of employing someone for the first time, please contact the office to ensure you are aware of your responsibilities.



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FARMERS AVERAGING

Farmers Averaging is a special relief that is already utilised by many who experience fluctuating profits. This is where they can claim to add together their profits from farming for two years and be taxable on half the total for each of the two years. These rules were originally introduced because it was felt that farmers were suffering from a high effective rate of income taxation, mainly because of fluctuations in profits caused by the weather and increasing influence of world market prices. At Mitchells, we already claim this relief where we can, however in the budget the government has extended the period over which self-employed farmers can average their profits for income tax purposes from 2 years to 5. The government will hold a consultation later in 2015 on the detailed design and implementation of the extension. This measure will come into effect from 6 April 2016 and be legislated for in a future Finance Bill.

ANNUAL INVESTMENT ALLOWANCE

George Osborne kept relatively quiet regarding the valuable Annual Investment Allowance (AIA), although he did state that it would not be acceptable for the allowance to plummet from £500,000 to £25,000 as originally intended and further information will follow in the Autumn. This does not help immediately when planning for your capital expenditure over the next year. Currently the allowance is to be £25,000 from 1 January 2016 and therefore if you have a 31 March 2016 year end, the maximum capital expenditure upon which you would attract the AIA would be £6,250 (£25,000 x 3/12) in the period 1 January 2016 to 31 March 2016. If you are planning large purchases of plant and equipment, please contact us to ensure you are fully aware of the tax implications in respect of the timing of those purchases.

ENTREPRENEURS' RELIEF

Legislation is introduced from 18 March 2015 to prevent claims to entrepreneurs' relief in respect of gains on disposals of privately-held assets used in a business unless they are associated with a significant material disposal i.e. at least 5% share in assets of the partnership carrying on the business.

PERSONAL SAVINGS ALLOWANCE

From April 2016, a tax free Personal Savings Allowance will be introduced for savings income. Therefore if you are a basic rate taxpayer the first £1,000 of interest earned each year will be free from tax. This reduces to £500 if you are a higher rate taxpayer and there is no relief available for additional rate taxpayers. As George said in his speech you are taxed when you earn the money, you shouldn't be taxed because you are saving it. Also, from April 2016 banks and building societies will stop automatically taking 20% in income tax from the interest earned on your non-ISA savings.

FLEXIBLE ISA

ISA's are being reformed so that instead of being able to place up to £15,240 in the 2015-16 tax year into an ISA in total, you will be able to take out your money and return this within the same year, without losing your ISA benefits. However, you must make sure that the repayment is made in the same financial year as the withdrawal.

PERSONAL ALLOWANCE AND NATIONAL INSURANCE

As we were aware the personal allowance is to rise to £10,600 from this coming April and in addition we now know that for the 2016/17 tax year this will rise to £10,800 and £11,000 the year after. The personal allowance is the amount of earnings you can receive tax free and some of this increase is also passed onto higher rate tax payers by increasing the 40p tax band which will increase by £315 in 2016/17 and by £600 in 2017/18—taking it to £43,300 in 2017/18.

Also, the government announced its intention to abolish Class 2 National Insurance Contributions in the next parliament with Class 4 National Insurance being reformed to introduce a new benefit test. We were already aware that Class 2 National Insurance will be paid along with self assessment rather than separately from April 2016, for the 2015-16 tax year onwards.