ATT welcome, March 2020

Welcomes

25 February 2020

Growing speculation

This is a very busy month for tax practitioners; not only do we have a Budget on 11 March, but it is the last month of the tax year. This means that all that year-end planning, which has been the subject of meetings and conversations over the past number of months, is even more important.

I congratulate all our ATT Students who were successful in the November 2019 sittings. I am looking forward to meeting many of the prizewinners from both the May and November 2019 sittings this month.

By the time you read this Welcome page, it is likely that the Chancellor has stepped down from delivering his Budget at the despatch box. All the speculation about what the government is planning to do will cease, and we will begin to review the draft text and decide which clients may be affected and how so. One of the best ways to learn about and understand the impact of the Budget is through attendance at a CPD seminar organised by your local ATT/CIOT branch.

We already understand that the proposed reduction in corporation tax from 19% to 17% from next month will not now take place. One wonders now that, as we have Ministers back at work in Stormont, will they agree to implement the Corporation Tax (Northern Ireland)
Act 2015 and introduce their own reduced rate? While it may be too soon to make any decisions, now might be the time for us tax practitioners to dust off our original advice and update as appropriate – a lot has happened in five years, after all!

Back in 2015, the standard rate of tax was 20% and the Ministers at Stormont could, subject to satisfying certain conditions, reduce the rate of corporation tax payable locally. At the time, it was mooted this could be as low as 12.5%, the same as the trading rate applicable in the Republic of Ireland. There was no mention of increasing the rate applicable to other income, rentals income, interest income, etc. to 25%, the same rate applicable in Ireland.

Will this be the only Budget prior to the end of the Brexit transition period (that is the 11 month period ending 31 December 2020, by which time one might hope there will be a trading deal in place between the UK and the EU 27)?

I read recently that there has been a degree of renewed interest in the possibility of building a bridge between Northern Ireland and Scotland at a cost running into several billions, which would rank as a substantial infrastructure project.

An area that seems to draw a lot of attention is in relation to pensions. Whether it is the change to the age at which a person can claim their state pension, or the unexpected consequences of tapering the pension annual allowance for high earners or reducing tax relief on pension contributions, this is always seen as a difficult and sensitive matter. A government must weigh up the cost of encouraging people to make their own pension provision with the financial benefits for the individual.

On a separate matter, if you have not already completed and submitted your annual return, please do so as soon as possible. You will be aware that, as part of the rules of membership, you are required to file the annual return by the end of January.

And finally, may I wish you all a very happy St Patrick’s Day.