

# ATT Welcome January 2021

## Welcomes

05 January 2021

‘Things can only get better...’

‘Things can only get better...’ was the tune played frequently at the time of the General Election in May 1997, when the population thought we had hit rock bottom and the only way was up (that was the title from another song from pre-1997). Dare we say that about the year 2021?

- Covid-19: With the development of the vaccine at the tail-end of last year, is it time to think about Sir Winston Churchill’s famous words? ‘This is not the end, this is not even the beginning of the end, this is just perhaps the end of the beginning.’ It is probably correct to say that we have now moved into the next stage of this battle. How are we going to pay back all the money we have borrowed?
- A review of capital gains tax has been announced: I am aware of some scaremongering already about the possibility of increasing rates above the current level, coupled with a possible reduction of the annual exemption from £12,300.
- Brexit: By the time you are reading this, the Transition Period will have ended (probably a fortnight ago, unless you are reading this after the end of this year’s personal tax return cycle, in which case four or five weeks ago). It is probably too early to see the full impact of Brexit. Remember, there will be changes whether it ends with Deal or No Deal. There are also further complications for Northern Ireland: although Northern Ireland businesses keep their VAT registration number, they replace the prefix GB with XI.
- VAT domestic reverse charge: This has already been delayed from 1 October 2019 until 1 October 2020, and then again until 1 March 2021. Are the businesses affected by the new rules ready to hit the ground running? Or are they hoping for a further delay? It would look very poor form if this were to be delayed yet again.

- Off-payroll working: This should have been introduced in April 2020 but was delayed until April 2021. Have all businesses potentially affected by this rule reviewed contracts with their suppliers and determined any changes required? Have they communicated those changes to the workers involved?

But it is not all bad news. Just sometimes, some snippets of information come along that make me smile.

- Annual Investment Allowance (AIA): In case you missed it last month, the AIA, which was due to return to the £200,000 limit with effect from 1 January 2021, will be retained at £1 million for another 12 months. That is not the end of the story though, because we now need to communicate this to our clients. And make a note for late Autumn to bring AIA back off the shelf and put it front and centre again.
- Working From Home (WFH) expenses: If you do not need to complete a Self Assessment tax return, have you got yours yet? I know I could easily spend £312 at 20% on a night out, if only there was somewhere open to take my money.
- Tax compliance: Late filing penalties, late payment interest charges and late payment penalties: at the time of writing, it was not confirmed whether any of these could be waived if the taxpayer has been affected by Covid-19. Watch this space. Wherever possible, I would not delay filing the tax return because at least the return will quantify the liability outstanding and make it easier to agree a payment plan with HMRC.
- Pension Annual Allowance: As the threshold has been increased from £110,000 to £200,000, there may be fewer instances of having to consider the tapering of the Pension Annual Allowance. But did you notice that the minimum Pension Annual Allowance was reduced from £10,000 to £4,000?

But we must also think about ourselves. How have you coped this year? How would you rate your health, especially as we find ourselves in January, the worst time of the year for those of us working in personal tax? Branch meetings were always useful opportunities to meet and talk with friends and colleagues, providing some social interaction but even they have moved online.

Continue to look after yourself and remember what Churchill said – maybe this is the end of the beginning, and maybe it isn't going to get any worse than what it has been. Maybe the only way is up?

All the very best,

Richard

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