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HMRC urged to extend executors' inheritance tax deadline

Royal London is calling on HMRC to change inheritance tax (IHT) rules on larger estates to allow executors more time to pay complex tax bills.

Under current rules, the executor of a will can manage a person's estate following their death by applying for a 'grant of representation' – otherwise known as probate.

The process involves valuing the estate, paying any outstanding debts or taxes and distributing the estate in accordance with the deceased's wishes.

The deadline for IHT bills on an estate is six months after the person's death.

However, research from Royal London states the majority of estates can take between six and 12 months to complete as larger properties or shares can be complicated and may need more time to be sold.

Helen Morrissey, personal finance specialist at Royal London, said:

"We are seeing more estates than ever subject to inheritance tax and larger estates can take a long time to wind up.

"Many executors may have no idea they could be responsible for finding the money for a large tax bill before money in the estate is available."

Responsibilities

Other issues for the executor, such as lost paperwork or inaccurate record keeping, could cause further delays in paying tax bills on time so it is imperative to know your responsibilities.

Any outstanding taxes and debts must be reported and paid to HMRC. You will need your IHT reference number at least three weeks before completing your payment.

We can help with your estate planning.

Rejected contracts hit SMEs in the pocket

47% of small businesses lost out on up to £10,000 in the last year due to turning down work contracts and orders, according to a study.

Out of 501 companies surveyed by Hitachi Capital Invoice Finance, 26% rejected contracts worth up to £5,000 while 21% snubbed deals worth between £5,001 and £10,000.

Almost one in five (19%) turned away work because of unfair demands from customers, whereas only 8% rejected contracts due to lack of finance.

Out of those that turned down work due to lack of finance:

- 40% did not want to risk taking out a loan
- 28% approached traditional lenders but could not secure enough money
- 26% had their loan application rejected.

A further 34% invested personal funds into their businesses in the last 12 months.

Among start-ups, 50% invested their personal savings compared to 19% of established businesses.

Invoice financing

Other reasons for businesses turning down work included a lack of awareness of invoice financing (13%) and alternative finances available (8%).

Firms dealing with unfair demands or late payments from customers could find invoice financing helpful.

There are two types available:

Factoring – providers purchase the amount owed by customers, making them responsible for collecting debt and carrying out credit checks.

Invoice discounting – you'll receive a percentage of the value of your unpaid invoices but you are responsible for collecting payment.

Talk to us about securing finance.

Second payment on account deadline reminder

The second annual deadline to submit advance payments towards your self-assessed tax bill for the previous year is due on 31 July 2017.

'Payments on account' take place every six months – on 31 January and 31 July – and include class 4 national insurance contributions if you're self-employed.

Each payment is half your previous year's tax bill and payments are due by midnight on both dates.

Any tax left over after you've made your payments on account needs to be paid as a balancing payment by 31 January next year.

Those already registered for self-assessment with HMRC can check on any payments owed through their online account.

Payments on account can be made using the following methods:

- debit or credit card
- post
- telephone
- online banking.

Failure to pay your tax bill by the deadline will result in interest being added from the date your payment is due. The current interest rate on late payments is 2.75%.

Digital accounting update

The way you pay your tax return will soon change under Making Tax Digital (MTD), which requires businesses, self-employed people and landlords to use digital accounting software to update HMRC on a quarterly basis.

MTD is due to be phased in from April 2018, although businesses with an annual turnover below the VAT threshold (£85,000 in 2017/18) are exempt until April 2019.

If your annual turnover is less than £10,000 you will not need to make quarterly updates.

It would be best to get in touch with an accountant to discuss how MTD may impact your reporting obligations.

Contact us to discuss self-assessment.

Businesses prepare for data protection changes

Businesses are preparing for the General Data Protection Regulation, which comes into force from 25 May 2018.

All businesses holding personal data will need to ensure their procedures are fit for purpose and compliant when the new rules take effect next year.

Those businesses found non-compliant may face fines of up to €20 million – or 4% of annual global turnover.

David Riches, executive director at the British Chambers of Commerce (BCC), said:

"The General Data Protection Regulation is intended to reflect modern working practices in the digital age and will strengthen consumer trust and confidence in businesses.

"With less than 12 months to go, there are procedures businesses should be reviewing to determine what changes may need to be introduced to be compliant.

"Businesses that are already vigilant about their data protection responsibilities won't be unduly burdened by the new legislation."

Preparation

The BCC and Information Commissioner's Office are urging businesses to prepare for the changes by taking the following steps:

- **holding information** – organise the personal data your business holds, where it's sourced from and who it is shared with
- **privacy** – review privacy notices and plan for further changes
- **consent** – review how you seek, record and manage consent and whether you need to make any changes
- **data breaches** – make sure the right procedures are in place to detect and report data breaches
- **data protection officer** – designate a Data Protection Officer to take responsibility for data protection compliance.

Chat to us about how this may affect you.