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## Disincorporation relief to end in March 2018

**Disincorporation relief will not be extended beyond its 31 March 2018 expiry date.**

The relief was introduced in April 2013 in a bid to remove the tax burdens when small business owners want to change from a limited company to a sole trader or partnership.

It allows companies to transfer certain assets, such as land, building and goodwill, to shareholders without incurring a corporation tax charge.

However, the relief has not been widely used in the three years after its launch.

Until March 2016, fewer than 50 businesses made claims for disincorporation relief – despite around 610,000 firms being eligible to access the relief.

The Chartered Institute of Taxation (CIOT) attributes the lack of uptake in part to the relief's £100,000 limit.

John Cullinane, tax policy director at the CIOT, said:

“The government should have searched for a solution that addresses the differences between the taxation of different types of income, and between incorporated and unincorporated businesses.

“A broader relief with some anti-avoidance provisions might play a sensible part in a more rational overall system which tries to reverse the current tax incentive for businesses to incorporate.”

*Speak to us about changing your business structure.*

## Small businesses face skills gaps

**Small businesses are experiencing skills shortages in both their workforce and their recruitment processes, causing concerns for future productivity.**

The Federation of Small Businesses (FSB) surveyed 1,203 small business owners and found that 46% lack a fully proficient workforce.

Additionally, almost a third (30%) of business owners who have recruited in the last 12 months reported facing skills shortages.

When asked which skills they considered important to their future growth, businesses were most concerned with the following:

- technical (50%)
- communication (38%)
- self-management (32%).

The report also focused on the part that digitisation plays in a changing workforce, revealing that 26% of small business owners are not confident in their basic digital skills.

A similar figure (25%) did not consider digital skills to be important to their business growth.

As outlined in the government's Industrial Strategy white paper, a new national training scheme will aim to address these concerns with adult skills, including digital.

Mike Cherry, chairman of the FSB, said:

“We know that embracing digital technology can help businesses in every sector to be more productive.

“Firms risk being left behind unless they have the skills to take advantage of technology to remain competitive and responsive to their customers.”

*Get in touch to talk about your business plans.*

## HMRC stops use of personal credit cards to pay tax bills

HMRC is withdrawing the option to use a personal credit card to pay for tax returns, with the deadline for online submissions rapidly approaching.

The Revenue is withdrawing this facility on 13 January 2018, just weeks before any money owed for 2016/17 is due by midnight on 31 January 2018.

HMRC will continue to accept payment from business credit cards after 13 January 2018, although higher transaction fees will apply.

Withdrawing this method of payment builds on the EU's payment services directive, which bans companies – including the Revenue – from charging customers extra to pay with their credit cards.

HMRC will continue to charge taxpayers a fee, ranging from 0.374% to 2.406%, until the cut-off date.

Last year, around 454,000 people used their personal credit card to pay their tax return, netting the Revenue £12 million.

Other payment options include:

- paying over the phone (have your national insurance number to hand)
- using CHAPS
- paying at your bank or building society
- paying via direct debit or cheque.

10.39 million self-assessment tax returns were filed ahead of 31 January 2017, with the figure set to rise again in line with an increase in the number of individuals registering as self-employed.

But if you're taking on the task this late in the day, you should be aware you'll get a £100 penalty if you submit your online tax return or pay your bill after 31 January 2018.

## Number of businesses soars to 5.7m

The number of private sector businesses in the UK hit a record high of 5.7 million at the start of 2017, according to government figures.

Annual statistics from the Department for Business, Industry, Energy and Strategy showed a year-on-year rise of 197,000, compared to the same time in 2016.

The number of firms in 2017 is also 2.2 million higher than at the start of the millennium, with 4.5 million businesses in operation back in the year 2000.

Sole traders and the self-employed were behind the year-on-year rise, accounting for 79% of the overall increase.

Small businesses alone accounted for 99.3% of all private sector businesses at the start of 2017, with that figure rising to 99.9% when factoring in medium-sized firms.

SMEs also contributed £1.9 trillion to the economy in combined annual turnover last year, accounting for 51% of all private sector turnover in 2017.

60% of the UK business population is made up of sole traders, while 33% are companies and 7% are partnerships.

Margot James, minister for small business, said:

"The UK now has nearly 200,000 more small businesses since last year – meaning more jobs, more opportunities and more choice.

"Small businesses are the backbone of our economy and our Industrial Strategy is building an environment in which they can continue to thrive."

 [Contact us to discuss your business.](#)

 [We can help with your online tax return.](#)