ATT welcome, November 2019

Welcomes

01 November 2019

Making the press

By the time you are reading this, two major events will have occurred. The first is that we admitted some more students as Members of the Association of Taxation Technicians at last month's admission ceremony, and (of course) Brexit. The former was held in the House of Lords, and the latter has played out primarily in the House of Commons. Hopefully, there is a positive outcome.

Pensions have been in the press again – in particular the NHS Pension Scheme, as senior doctors and consultants are incurring unexpected tax liabilities because the growth in their defined pension scheme exceeded their annual allowance. It has been suggested that doctors affected may decide to reduce their working hours to avoid incurring the tax liability, and this may lead to a direct increase in the length of waiting lists.

The issue relates to the restriction of the annual allowance. You will recall that the annual allowance for high earners was subject to tapering after 5 April 2016, reducing the standard annual allowance to a minimum of £10,000 (including employer contributions). For those making defined contributions, we can compare contributions paid against annual allowance due; for those savers in a defined benefit scheme, it is not quite that straightforward.

The issue is further complicated because pension growth is not the same as contributions made. As the two figures bear no relationship to the other, the employee must rely on NHS Pensions to produce the correct information. If you have not yet considered this matter for your clients, you may wish to revisit the 2017 and 2018 tax returns. But do not just restrict the review to NHS employees – any senior employee in a defined benefit pension scheme could be affected.

Then add into the mix the fact that notification to NHS Scheme Pays (the facility for the pension scheme to discharge the liability on the excess pension savings) must be made by 31 July following the end of the tax return's statutory filing date (i.e. 16 months after the end of the tax year). In other words, it is too late to request Scheme Pays for the tax year ended 5 April 2018, even though the client may not yet know if a liability exists. If you did not catch it, there is an excellent article by David Walker in Taxation from August 2019. It makes for interesting reading.

On a more positive front, I read with interest that a local Northern Ireland property development company has recently released a 72 acre site with a price tag of £13.7 million. There is planning permission already in place for nearly 500 homes. This news comes along when we are told that the average price of a house in Northern Ireland is still 30% below the height of the market in 2007. Maybe this is a sign of confidence in the local housing market, despite the uncertainty of Brexit?

This announcement for the housing sector follows hot on the heels of the announcement that another US cybersecurity firm has decided to create up to 120 new IT jobs in Belfast City Centre. This can only be viewed as a positive development following the recent issues affecting employment in two local major manufacturing businesses.

Some points to leave you with...

The 2019 annual return notice will be issued to you for completion in the coming weeks. As you know, completion and submission of this is required as part of your Membership of ATT. Please find the time to respond to Head Office as soon as possible – it makes life that much easier for all involved. If you have not yet completed your 2018 annual return, please address this now.

To all those students taking exams this month, may I wish you the very best. All your hard work and effort will be worth it in the end.

And finally, to all those Members and students who are planning to attend the Annual Dinner of the Northern Ireland Branch on 8 November, may I wish you a wonderful evening. I expect to attend so do please come over and speak with me.

Have a good month.

Richard Todd
ATT Deputy President