# Welcome from the editor, October 2015

Welcomes

30 October 2015

## OMB maths

Have you been dusting off your owner-managed business spreadsheets recently? There have certainly been many changes this year that require advisers to work out the maths. Last month, Jacqui Kimber considered the summer Budget announcements on dividends in her article, *The summer of tax calculations*. This month, we look at how the removal of tax relief in a company when goodwill is purchased from a connected person and the exclusion of goodwill on incorporation from entrepreneurs' relief affect the decision to incorporate a business.

Rebecca Benneyworth considers the case for incorporation in 2015 and explains that there is still a significant advantage to those with very profitable companies in setting a high value to goodwill despite the tax liability it creates.

## Intra-UK residence

Another area that has become more mathematical is the test of UK residence. In theory, a day counting system should make life easier for advisers but, as Peter Vaines highlighted in his August article, *The big question?*, there are still some issues with the statutory residence test. I had expected that, when the time came to consider 'intra-UK' residence, we would be looking at a similar test. Alas, no!

Simon and Sharon McKie highlight several issues with the new intra-UK residence rules. Advisers with clients who either spend time in Scotland or have residential property there will have to consider whether they are Scottish taxpayers. This is also likely to be true in the future for Wales, Northern Ireland and, perhaps, England.

## PCRT

The public debate over ‘avoidance’ in recent years has left tax advisers reeling and trust in the profession is at an all-time low. Mandy Pearson and Sharon Baynham explain why the Professional Conduct in Relation to Taxation (PCRT) is such a valuable document for advisers

The PCRT, which was updated in May 2015, details the fundamental principles that should guide a tax adviser’s behaviour and help navigate the storms.

## EIS/SEIS

The case of Ames concerns a claim for capital gains tax relief for an EIS investment in the absence of an income tax claim. When you unpick the rather convoluted wording of the s 150A(3)(c) test, it reveals that the capital gains tax restriction applies only if the taxpayer subscribed for more EIS shares than qualified for income tax relief in the year in question. Keith Gordon reviews the case and explains other arguments that taxpayers in a similar position should consider.

## In the VAT margins

The opportunity for traders selling second-hand goods to account for VAT on the margin, instead of the full selling price, is an important opportunity in the legislation. Neil Warren gives some important tips on margin schemes and explains HMRC’s approach when record-keeping is poor.