Welcome from the editor-in-chief, February 2017

Welcomes

01 February 2017

Redefining Bob the Builder

One of the important skills of a tax adviser is to know how to respond when posed with a difficult tax question which needs contemplation. I am sure that you have heard tax lecturers (not naming any names!) use phrases like ‘That’s an interesting question, perhaps we can discuss that in the break,’ or ‘Let’s go back to first principles’. I adopt a similar approach when a client explains that they are planning a building project: ‘That sounds very interesting,’ I reply, ‘we will need to consider this carefully because land and property transactions are one of the most complicated areas of tax’.

The latest change to the property tax code relates to the transactions in land rules. The new rules aim at taxing as trading income UK land (or property deriving its value from UK land) that is disposed of as part of an arrangement.

The ‘sole or main object’ test in the previous legislation has been replaced: realising a profit on disposal now only needs to be ‘one of the main purposes’. This raises the possibility that the new rules will apply to a broader range of transactions. Helena Kanczula and Robert Harness examine the new rules introduced by FA 2016.

Working Together

Working Together is changing. As we move towards greater digital interaction with HMRC, an online forum had been developed by HMRC as a tool for reporting and gathering evidence on Working Together issues. The forum enables those who have access to post fresh items for discussion, search for issues raised and identify

progress, to see conversation threads regarding existing posts, and to sort in various different ways. Jon Stride explains how you can get involved.

A new route for small company taxation?

The Office of Tax Simplification (OTS) has recommended taking forward a new way of sole traders gaining some liability protection by registering as a 'SEPA' (Sole Enterprise with Protected Assets). John Whiting provides a summary of a recent OTS report about SEPAs and invites advisers to contribute to the further discussions.

I would like to congratulate John for all that he achieved at the OTS and a big thank you for all his support of Tax Adviser – best wishes for the future. Good Luck to Paul Morton who will be replacing John on his retirement.

Inheritance tax algebra!

Where a person sells their home and moves into care, downsizing relief ensures that the appropriate residence nil rate amount can still be claimed by children and grandchildren who receive legacies on the person's death. Malcolm Gunn provides a practical guide to dealing with the new IHT downsizing relief.

Major changes to the flat rate scheme

The new limited cost trader category being introduced on 1 April 2017 will affect an estimated 123,000 VAT registered businesses in the UK. Neil Warren explains that the 16.5% category will apply to any scheme user that spends less than 2% of its gross sales on goods or less than £250 in a VAT quarter.