



Welcome to our Spring 2021 Fostering Tax Newsletter, brought to you by our specialist Foster Carer Tax Team.

Partnership with Fostering Network

We are partners of The Fostering Network and work closely with them in respect of the services we provide to foster carers such as our tailor made fixed fee Tax Return service, tax sessions and other opportunities to enable us to stay informed of current news and issues for Foster Carers. Find out more about our partnership with The Fostering Network on their website.

Training sessions

We have always offered training sessions on Tax and National Insurance for Foster Carers, usually via their Fostering Service, and this past year has seen us using new technology to enable us to continue offering these sessions in these changing times, just like many other training providers. We have still enjoyed meeting carers, albeit online and continue to investigate new ways to deliver these sessions. If you are interested please let us know.

A refresher on Qualifying Care Relief

Since qualifying care relief was introduced in April 2003, the allowances have not increased. This has resulted in us finding that more and more foster carers are now paying tax. As it currently stands, approved carers get an annual allowance of £10,000 (this is pro-rated if approved for part of the year) alongside weekly allowances dependent upon the age of the placements; If the child is under 11, you are entitled to £200 per week and if the placement is 11 and over the rate is £250 per week. The placement allowances are not proportioned, so even if you have a respite placement for 1 night you would still be entitled to a full week's allowance when calculating your qualifying care relief. This is why it is prudent to ensure you provide your accountant with the exact dates placements arrived and left your care.

We continue to work closely with other organisations to monitor the Qualifying Care Relief and any potential changes to it.

Capital gains tax when selling a residential property

Capital gains tax is payable when you sell or dispose of chargeable assets, including property.

If the property you are selling has always been your private residence, capital gains tax is not due. However, if the property has ever been let out, has not always been your main home or was inherited, capital gains tax may be due.

Recent changes to how capital gains tax is declared mean that a capital gains tax return needs to be completed within 30 days of the sale of the property and the capital gains tax paid.

Interest and penalties may be charged if gains on UK property are not reported within 30 days of selling it.

It is therefore of utmost importance that you keep your accountant up to date

2021 Budget update

Rates and allowances for 2021/22

The personal allowance for 2021/22 has increased to £12,570 (£12,500 for 2020/21). This will remain up to and including 2025/26.

The capital gains tax annual exempt amount will remain at £12,300 up to and including 2025/26.

Inheritance tax thresholds and rates are unchanged and the nil-rate band will remain fixed until April 2026.

Late filing and payment penalties and interest

A new points-based penalty regime for income tax is to be introduced from April 2023.

When a submission deadline is missed, points will be incurred dependent upon the frequency of the submission requirements. Once a points threshold has been reached, a fixed penalty of £200 will be incurred.

With regards to tax payments, if payment is made within 15 days of the due date there will be no penalty. For payments made within 16 and 30 days after the due date, the first penalty will be set at 2% of the outstanding amount. For any outstanding amounts 30 days after the due date, a second late payment penalty will be chargeable at 4% per annum, which will be calculated on a daily basis of the total unpaid tax from day 31.

Self Employed Income Support Scheme (SEISS) payments

As part of the COVID support package, eligible self employed individuals were able to claim grants under the Self Employed Income Support Scheme. These grants are subject to both income tax and national insurance and are to be declared based on the tax year in which they are received; the first three grants will be declared on your 2020/21 Tax Returns with the fourth and fifth grant being declared on your 2021/22 Return.

If you were not eligible for the first three grants, you may want to check the latest eligibility criteria for the fourth and fifth grants as the criteria has changed to allow people who commenced self employment on or after 6 April 2019 to apply.

Penalties

The penalties for the late filing of your Self Assessment Tax Return can be quite harsh. It is therefore of utmost importance you ensure your Returns are submitted by the filing date.

Self Assessment Tax Return not submitted by the filing date

£100

More than 3 months late

£10 daily penalty (up to £900)

More than 6 months late

The greater of £300 or 5% of the tax due.

Additional penalties may also apply depending on the situation.

Important Dates

30 June 2021 If you are in the tax credits system, Information needs to be received by us to guarantee completion of your tax calculations prior to the tax credits deadline.

31 July 2021 Tax credits renewal deadline. Your need to have informed the tax credits office of your actual or estimated income by this date in order to remain in the tax credits system.

2nd payment on account for 2020/21 needs to be paid.

30 September 2021 If you wish to take advantage of our early bird fee, we will need your information by this date.

31 January 2022 Filing deadline for Self Assessment Tax Returns for the year ended 5 April 2021. Tax payments for the year ended 5 April 2021 are due.

1st payment on account for 2021/22 needs to be paid.

Phishing and HMRC

A large number of our clients have received emails and very intimidating phone calls from people claiming to be from HM Revenue and Customs. These can be very distressing, especially the phone calls which can be of a threatening nature.

HMRC will never offer you a repayment via an email, phone call or text message. They will also never threaten legal action over the phone.

If you are ever in any doubt, please contact us and we will be able to reassure you.

Do you need help with your tax affairs?

At Williams Giles we offer a **fixed fee Tax Return** service for **Foster Carers** and all carers are allocated their own tax consultant from our Fostering Team to look after them.

Call and speak to one of our specialists today on **01795 478044** or email us **support@fosteringtax.co.uk**

Meet The Fostering Tax Team

Joanne Thompson



01795 434953
joanne.thompson@williamsgiles.co.uk

Mags Westmacott



01795 478044
mags.westmacott@williamsgiles.co.uk

Natalie Sherwood



01795 434952
natalie.sherwood@williamsgiles.co.uk

Rebecca Wallington



01795 434954
rebecca.wallington@williamsgiles.co.uk