



Property and taxes: a general update
April 2018

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Agenda

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The current tax landscape

- High personal taxes / low corporate taxes
- “Big” changes in tax rules, rather than “small” tinkering, focussing on particular areas
- Focus on “fairness” and “stability” in the tax system
- Tax avoidance being attacked in a number of ways

David Hicks

Direct tax

Lots to think about...

- Capital gains tax
- Transactions in securities
- Annual Tax on Enveloped Dwellings (ATED)
- SDLT
- Capital allowances
- Land Remediation Relief
- Incorporation relief
- Loan interest relief
- Main residence relief

...but what's the impact?

- Commercial position
- Personal circumstances and ambitions
- Structure
- Succession
- End game
- Doing the same thing, but differently

Jacqui Nicholls

Indirect tax

A major change

- The introduction of the Domestic Reverse Charge for the Construction Industry

Domestic Reverse Charge for Construction Industry

What is the construction domestic reverse charge?

- As a result of fraudulent operators in construction supply chains, who had been charging VAT but not accounting for this tax to HMRC, a **domestic reverse charge** will be introduced from 1 October 2019.
- Business customers will be required to account for suppliers' output tax on '**construction services**' received via their own VAT returns.
- Suppliers of affected construction services should no longer charge VAT on their services.
- There is **no threshold** regarding the application of the domestic reverse charge.

Is my business affected?

Yes, if you make or receive 'construction services' (including construction, demolition, repair and maintenance). Supplies to 'final customers' will be excluded (subject to clarification).

What should my business be doing prior to implementation?

- Identify **relevant services, customers and suppliers**.
- Verify integrity of **master data**.
- Implement a working **systems solution** to comply with post-implementation obligations (consider interaction with **Making Tax Digital** changes).
- Update/**train relevant staff** members (tax, finance, AP, AR, customer and supplier take on teams).
- Map out **forecasts** and implement relevant **safeguards** to mitigate any impact on **cash flow**.
- **Manage penalty risk**: The construction sector is **high risk** from a **VAT fraud** perspective. If fraud were to occur in supply chains prior to October 2019, there would be a **higher risk of the new VAT fraud penalty** applying. It is imperative that Know Your Client/Supplier procedures are adhered to, any suspicious supply chains are closely scrutinised, and these processes are clearly documented.

Priority actions

- **Identify** impacted **services/contracts**.
- Consider **systems impacts**.
- Consider impact on **cash flows, forecasts** etc.
- **Engage** with **IT** teams and consider any existing IT project on which this could be piggy-backed.
- **Identify** key internal **stakeholders**.
- **Contribute** to stakeholder/legislative technical **consultations** to clarify grey areas.

March '17: Consultation released



June '17: Deadline for responses



December '17 Scope of DRC confirmed



Spring '18: Technical consultation



Summer '18: Technical consultation closes



October '18: Draft legislation published



October '19: Provisions into force

Closing comments and questions