

**CRANE & JOHNSTON**

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## Charities unaware of reporting obligations

**Many charities are unaware of their reporting obligations with 1 in 5 having submitted the wrong documents, according to research by the Charity Commission.**

1 in 6 did not send any form of report and others only sent their annual reports and accounts after reminders and explanations from the commission.

Nigel Davies, head of accountancy services at the commission, said:

"The annual report and accounts is an opportunity for the trustees to demonstrate to the charity's supporters, potential funders and the public that they have managed its resources effectively and are meeting its objectives.

"Trustees need to tell their charity's story well to maintain donor and public confidence."

### Preparing charity accounts


Charities with an income of more than £10,000 a year have to prepare an annual return and send it to the Charity Commission. This is different to your tax return which you send the HMRC.

Charities in England and Wales will need to include the following information:

- start and end dates of the financial period
- total income and spending
- details of spending outside England and Wales.

Charities with an income of more than £25,000, and all incorporated charities regardless of income, will also have to include:

- the charity's accounts
- the trustee's annual report
- independent auditor or examiner's report.

 *Talk to us to discuss your reporting obligations.*

## Employer national insurance contributions for apprentices abolished

**Employers with apprentices under the age of 25 will no longer need to pay national insurance contributions (NICs) for them.**

Businesses employing apprentices that earn £16,000 could save up to £1,000 under the measures.

The measure was first announced at Autumn Statement 2014 and came into effect on 6 April 2016.

Skills minister Nick Boles, said:

"We're making it even better value for businesses to take on a young apprentice. Apprenticeships make sense for young people and for business. If you're an employer not already reaping the benefits, now is the time to act."

However, a March 2016 report by the Social Mobility and

Child Poverty Commission highlighted concerns about apprenticeships for young people:

- ⦿ between 2010/11 and 2014/15 apprenticeships for those under 25 grew by 4%
- ⦿ the success rate for 16-24 year olds has dropped to 70%
- ⦿ many apprenticeships for young people are in low pay and low progression prospect sectors.

## Reforming apprenticeships

Following the abolishment of employer NICs for apprentices, the government is set to introduce plans to improve the quality of business apprenticeships. Changes include:

- ⦿ £10 million of funding to increase the number of degree apprenticeships available
- ⦿ the introduction of the apprenticeship levy in April 2017
- ⦿ employers designing and delivering new apprenticeships ensuring the quality of apprenticeships by establishing an institute for apprenticeships in England by April 2017.

*Get in touch to talk about starting an apprenticeship programme.*

## Changes to capital gains tax for 2016/17

**Changes to capital gains tax (CGT) and entrepreneurs' relief claims have been introduced in the Finance Bill 2016.**

CGT rates for 2016/17 have been reduced from 18% to 10% for basic rate taxpayers, while for higher rate taxpayers the rate on gains over the unused part of their basic rate tax band will be charged at 20% (previously 28%).

A number of changes relating to entrepreneurs' relief are also set to be introduced, including:

- ⦿ **associated disposals** – relief will be due (subject to conditions) on privately-held assets when the accompanying disposal of business assets is to a family member
- ⦿ **disposals of goodwill** – relief will be due (subject to conditions) when a business is transferred to a company controlled by 5 or fewer people or directors
- ⦿ **extension to long-term external investors** – this applies the 10% CGT rate to growing gains on ordinary shares in an unlisted trading company.

Announcing the changes in his Budget 2016 speech,

Chancellor George Osborne, said:

“We’re putting rocket boosters on the backs of enterprise and productive investment.”

*Contact us to discuss your CGT and entrepreneurs' relief.*

## Lifetime ISA: Is it right for you?

**Adults under 40 can save up to £4,000 annually while receiving a 25% government bonus each year using a lifetime ISA from April 2017.**

Money put into the account can be saved until the age of 60 and can be used as retirement income or withdrawn to purchase your first property.

Elsewhere, annual ISA allowance limits remain frozen for another year in 2016/17. From April 2017 the total amount you can save tax-free in an ISA will increase from £15,240 to £20,000. Contributions to a lifetime ISA will sit within the overall annual ISA allowance limit.

### Points to consider

Savings from a new lifetime ISA can be used as retirement income or to buy your first home. There are some things to be considered before setting up an account:

- ⦿ you can take out all of your lifetime ISA savings tax-free after the age of 60
- ⦿ money can be withdrawn at any time before you're 60, subject to a 5% charge
- ⦿ withdrawing your money before the age of 60 will mean losing out on the annual 25% government bonus (which is up to £1,000)
- ⦿ savings can be used to purchase your first home up to £450,000
- ⦿ you can transfer savings from a Help to Buy ISA to a lifetime ISA, but can only use the bonus from one account.

*Contact us today to discuss your saving options.*