**Response to consultation document “Simplifying tax for unincorporated businesses”**

Responses should be sent by 7 November 2016

by e-mail to: businessincometaxsimplification.consultation@hmrc.gsi.gov.uk

or by post to:

HM Revenue and Customs

Business Income Tax Consultation

Room 3/64

100 Parliament Street

London SW1A 2BQ

**From:**

**Date:**

**Question 1**

**a:** What level do you consider to be an appropriate turnover entry threshold?

**b:** For a threshold not linked to the VAT threshold, should it be reviewed annually in the light of inflation or less frequently (please state recommended interval)?

**Question 2**

**a:** If the entry threshold were to be increased, do you agree that the exit threshold should continue to be set at twice the entry threshold?

**b**: If the entry threshold were to be increased, do you agree that the UC threshold should continue to be set at twice the entry threshold?

**Question 3**: Do you agree with the proposed approach of following accounting periods? If not, what alternative approach would you support?

**Question 4**

**a:** Are there any other events or situations which would require additional rules?

**b:** Would it be helpful to make any changes to tax accounting periods for any other types of income?

**Question 5:** Are there other end of year adjustments not listed in paragraph 4.12 which could be simplified within a reduced reporting framework?

**Question 6:** Would you welcome the four relaxations proposed?

**Question 7:** Do you think that the restrictions proposed are appropriate? If not, what restrictions would you suggest?

**Question 8**: Do you believe that simplifying the capital/revenue distinction as suggested in paragraphs 5.7 to 5.13 would simplify reporting for businesses within the cash basis?

**Question 10**

a: If the cash basis entry threshold is raised would you consider using the cash basis, or advising your clients or members to use it? If so please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

b: If the proposed basis period reform is taken forward, how do you think this would impact on business admin burdens? If possible, please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

c: If the reduced reporting framework is introduced, please provide details of how this will affect your business or your clients or members, including details of both the expected one-off and ongoing benefits and costs for: - Familiarisation with the new scheme and updating software or systems - Having to make fewer adjustments than would be required under UK GAAP

d: If the revenue / capital divide is simplified as suggested do you believe that this would simplify reporting for businesses within the cash basis? If so please provide details of anticipated impacts, including both one-off and ongoing benefits and costs.

e: Please tell us if you think there are any other impacts, benefits or costs not covered above.