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## Business Matters

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## Expanding your workforce: key areas to consider

Hiring new employees can usher in new ideas, strategies and processes that could ultimately boost your profitability. Here we outline some key points to consider if you're planning to expand your workforce.

### Know the legal requirements

It is essential to ensure that you are up-to-date with the latest legal obligations. This includes equality law, which applies to all aspects of the hiring process, from advertising a position, to the selection of candidates for interview, the interview itself, and the decision-making process. Your business handbook should set out clear policies for such areas, and it may be worth reviewing these policies before you consider hiring.

### Assess your staffing needs

It is essential to consider carefully how many new members of staff you require, and exactly which functions they will fulfil. Does your business require specific skill sets? Would it be beneficial to recruit multi-skilled individuals? Considering such questions and highlighting these qualities in your job advertisements can help to filter out the most desirable applicants. It may also be advantageous to assess your competitors' offerings: what benefits do they offer to new starters? How can you match or exceed these?

Additionally, carrying out employee exit interviews prior to hiring new employees may help you to understand which areas of the business could benefit from improvements.

### Review your job advertisement process

How and where will you advertise your position? Does your advertisement contain all of the essential information you want to convey to prospective employees, including the main duties of the role, salary details, and any specific benefits? How will your selection process advance – will you offer an interview and/or a practical test? Taking these points into account will help your

business to employ the most suitable candidate(s) from the outset, thereby minimising the disruption and cost to your business.

### Plan for additional costs

Taking on new employees will have implications for your business's finances. Advertising alone could potentially involve a hefty sum.

As well as the cost of additional salaries, businesses can also expect to see their tax bill rise: employers are required to pay Class 1 (secondary) national insurance contributions (NICs) on any payments made to employees that are above the secondary threshold.

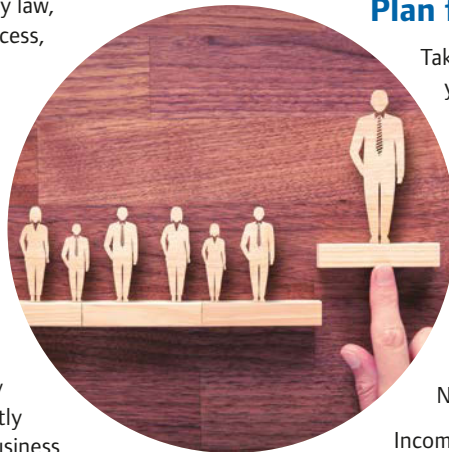
However, many businesses may benefit from the Employment Allowance, which could reduce their NICs bill by up to £3,000 per annum.

Income tax deductions will also have to be made for new employees under the Pay as You Earn (PAYE) system. And don't forget, employers are now required to auto-enrol staff into a workplace pension scheme and make a minimum employer contribution to the scheme.

### Make arrangements for an induction and training

Implementing a sound induction process and providing the relevant training programmes may prove to be a deal-maker for a new employee: starting a new job may seem daunting, but having an effective process in place will help to ensure a smooth settling in period for your business and your employees.

**Careful planning can help to improve the recruitment process and keep your business costs to a minimum. For more information on managing your business, please contact us.**





## New data protection rules: are you prepared?

Next year sees the introduction of stringent new rules governing the safeguarding of personal data, with a new emphasis on transparency and accountability.

### The new General Data Protection Regulation

On 25 May 2018, the General Data Protection Regulation (GDPR) will come into effect, requiring all organisations that deal with individuals living in an EU member state to fully protect the personal information belonging to those individuals, and to have documented proof of such protection. The UK's decision to leave the EU will not affect the introduction of the legislation in the UK.

The new GDPR requires a consistent and transparent approach to data processing, and the financial penalties for failing to comply are severe – with fines of up to €20m or up to 4% of total annual worldwide turnover.

### New requirements for businesses

While the principles of the new GDPR are broadly similar to the existing Data Protection Act (DPA), there are some key changes placing additional obligations on businesses.

A fundamental new requirement of the GDPR relates to accountability. Businesses must be able to identify their lawful basis for processing personal data, and document this. The GDPR also prioritises the issue of consent, requiring that an indication of consent must be specific, unambiguous and freely given.

Another principle central to the GDPR is the concept of 'data protection by design and default', by which firms build in the necessary privacy and security protections from the outset rather than as an afterthought. In some circumstances, businesses will be required to undertake a Data Protection Impact Assessment.

The GDPR applies to both 'controllers' and 'processors' of personal data. Processors will be specifically required to maintain records of personal data and processing activities and will have increased legal liability for any breaches (including reporting certain breaches), under the new laws.

Meanwhile, controllers will be under additional obligations to ensure that their contracts with processors are in compliance with the GDPR.

### New definitions of personal data

Reflecting the significant growth in the digital economy and changes to the way in which information is collected, the GDPR extends the DPA definition of 'personal data' to cover a larger range of personal identifiers, including online mechanisms such as IP addresses.

'Sensitive' personal data, defined in the GDPR as 'special categories of personal data', has also been expanded to include such categories as genetic data and biometric data where this is used to identify an individual person.

### Preparing for the regulations

Businesses should take steps now to make sure they are ready for the new legislation. Some of the main areas for action might include:

- Making sure members of staff are aware of the new regulations, and providing ongoing training
- Identifying the lawful basis for your data processing activity
- Reviewing and classifying the personal data your business holds, its origins and who you share it with

- Creating an audit trail
- Reviewing your procedures relating to consent, requesting and documenting fresh consents from customers where necessary to ensure that your business is seeking, collecting and managing consent in line with the GDPR
- Updating procedures to ensure they cover the enhanced rights for individuals, including the right to have data erased and the right to data portability, as well as new protection for children's data and the reduced 30 day deadline for subject access requests
- Reviewing your privacy notices
- Adopting a principle of 'data protection by design' for all future projects
- Including procedures for identifying and investigating data breaches
- Assigning responsibility for data protection to a key member of staff; appointing a Data Protection Officer (DPO) will be a legal requirement for some organisations
- Making sure that your data and processes are regularly reviewed to ensure that they remain compliant.

Further information and guidance can be found on the Information Commissioner's Office website: [www.ico.org.uk](http://www.ico.org.uk).

**With new regulations approaching, businesses are advised to review their data privacy and security practices, identifying areas of risk and introducing robust processes and controls, ahead of time.**

*This article is for general guidance only, and you are always advised to consult an expert before taking any action.*



## The Marriage Allowance: check your eligibility

With recent research revealing that more than 2.9 million couples in the UK have yet to claim the Marriage Allowance, we review the key features of the initiative, and highlight how you could stand to benefit.

Introduced in April 2015 by the former Chancellor, George Osborne, the Marriage Allowance permits eligible spouses to transfer 10% of their personal allowance to their partner. However, figures from HMRC have revealed that of the alleged 4.2 million couples eligible for the tax break, only around 1.3 million have actually claimed it.

The Marriage Allowance is only available to couples where neither pays tax at the higher or additional rate. Therefore, the couples most likely to benefit are those where one of the spouses has little or no income and the other spouse is earning between £11,501 and £45,000 (£43,000 for those in Scotland).

### What are the financial benefits?

For 2017/18, when the personal allowance is set at £11,500, eligible taxpayers can transfer £1,150 to their spouse. This will reduce their tax liability by up to £230 in the current tax year.

However, it is possible to backdate a claim for the Marriage Allowance to include any tax year since 6 April 2015 that the couple was eligible for the tax break. The tax bill of a recipient of the Marriage Allowance was reduced by up to £212 in 2015/16 and £220 in 2016/17. As a result, eligible couples who have so far failed to claim the relief may be owed a tax repayment of up to £432!

### How do I apply?

Couples are able to register for the Marriage Allowance at [www.gov.uk/marriage-allowance](http://www.gov.uk/marriage-allowance). If the application is successful, any changes to your personal allowances will be backdated to the beginning of the tax year. HMRC will refund those with successful applications by either changing their tax code, or by altering their Self Assessment Tax Return (if they are self-employed).

In future years the allowance will transfer automatically to the spouse until either of the couple cancels the Marriage Allowance or there is a change in circumstances – which means a potential reduction in the annual tax bill of more than £200.

**For more information on the Marriage Allowance, please contact us.**

## Tax planning for a prosperous future

Effective business and personal tax planning can help to ensure a secure financial future for you and your business. Here we highlight some strategies to consider when reviewing your financial plans.

### Business strategies

#### ✓ Is your business motoring as tax-efficient as it could be?

An employer-provided vehicle can be a useful business tool for both employees and employers. However, with the taxable benefits on cars increasing year on year, it may be time to review your business motoring policy completely. In some cases, it could be more tax-efficient to pay employees for business mileage in their own vehicles at the statutory mileage rates, especially if their business mileage is high. A company van may also be worth considering in certain circumstances – please talk to us about the potential tax benefits.

#### ✓ Are you claiming all the relevant allowances, deductions and expenses?

Have you checked to make sure that your business is claiming all the allowances that it is entitled to? Businesses looking to purchase capital equipment are able to claim tax relief in the form of capital allowances. The majority of businesses are able to claim a 100% Annual Investment Allowance (AIA) on the first £200,000 of expenditure on most types of plant and machinery (except cars). Meanwhile, those who are self-employed may be able to claim for allowable expenses such as office costs, travel costs, clothing expenditure and more. Please speak to us for further details.

#### ✓ Have you considered the tax benefits of taking dividends rather than a salary/bonus?

If you are an owner-director, you may wish to take dividends instead of a salary/bonus. Despite changes to the dividends regime in 2016, receiving dividends rather than a salary/bonus may still result in a lower national insurance contributions (NIC) liability. The Dividend Tax Allowance (DTA) is currently £5,000 for 2017/18. The allowance does not change the amount of income that is brought into the income tax computation, but it instead charges £5,000 of dividend income at 0% tax – the dividend nil rate. Please note that proposals have been announced to reduce the DTA to £2,000 from April 2018.

### Personal strategies

#### ✓ Have you sought to minimise your liability to income tax?

You may be able to minimise your income tax liability by making full use of your personal allowance (PA), which is set at £11,500 for 2017/18. If a spouse or partner has little or no income, consider transferring income (or income-producing assets) to them to ensure that they are able to make full use of their PA. Certain rules and restrictions apply so please speak to us before taking action.

#### ✓ Are you investing in a pension?

Investing in a company or personal pension scheme may afford tax breaks on your personal pension contributions, while helping to ensure that you plan for a comfortable retirement. If you are a higher rate taxpayer, your investment will, subject to limits, qualify for tax relief at 40%. Pension contributions can be made at up to 100% of relevant earnings, subject to the annual allowance, which is currently £40,000 for most people. However, those with adjusted income over £150,000 may have their annual allowance tapered down to a minimum of £10,000.

#### ✓ Are you making use of tax-efficient investment opportunities?

A number of investment products offer tax-free income, including Individual Savings Accounts (ISAs) and some National Savings products. You may also wish to make investments under the Enterprise Investment Scheme (EIS), the Seed Enterprise Investment Scheme (SEIS), via a Venture Capital Trust (VCT) or using Social Investment Tax Relief (SITR). However, it is important to consider the potential risks as well as the benefits, and we recommend that you speak to a qualified adviser before taking action.

**As your accountants, we can help you to implement effective tax planning strategies. For more information, please do not hesitate to contact us.**



## Business Round-up

### Contactless card fraud on the rise

Figures published by Financial Fraud Action UK (FFA UK) have revealed a significant rise in the amount of money being stolen from contactless bank cards and mobile devices.

Contactless spending rose from £7.75 billion in 2015 to £25.2 billion in 2016. The data revealed that nearly £7 million was stolen in 2016, compared to £2.8 million in 2015.

However, FFA UK also stated that fraud involving contactless cards and mobile devices equated to just 1.1% of total card fraud.

In order to combat contactless card fraud, consumers have been urged never to hand over their card at the point of payment, to always ask for a receipt when purchasing goods and to review financial statements regularly to check for unusual transactions.

The figures came alongside the revelation that card payments have more than doubled over the past ten years.

Data published by the UK Cards Association highlighted the increase in popularity of contactless card payments and online spending: by the end of 2016, four in ten card transactions were made either online or via contactless technology.



### Businesses urged to protect against cyber-attacks

In light of recent cyber ransomware attacks, the Federation of Small Businesses (FSB) has called on UK firms to take 'urgent steps' to protect themselves.

The group has advised businesses to put cyber protection insurance in place, as well as checking for updates to their computer operating systems and anti-malware software.

Those using unsupported operating systems may prove to be more at risk, so it is recommended that businesses only use systems which receive regular security updates.

Firms are also encouraged to make sure that they have any essential data backed up to help ensure that data cannot then be 'held to ransom' should the worst happen.

Businesses should make sure that they keep up to date on the latest cyber security advice by visiting the government-backed National Cyber Security Centre (NCSC) website: this can be accessed at [www.ncsc.gov.uk](http://www.ncsc.gov.uk).

The government's Cyber Essentials scheme also provides information on the 'basic controls all organisations should implement to mitigate the risk from common internet-based threats'. Details on the initiative and how it may be of help to you can be found at [www.cyberaware.gov.uk](http://www.cyberaware.gov.uk).

## Web Watch



### Essential sites for business owners.

#### [isbe.org.uk](http://isbe.org.uk)

Network for those seeking small business and entrepreneurial support and advice.

#### [www.gov.uk/government/organisations/institute-for-apprenticeships](http://www.gov.uk/government/organisations/institute-for-apprenticeships)

Provides employers with guidance on apprenticeship standards.

#### [economia.icaew.com](http://economia.icaew.com)

Up-to-date tax and business news.

#### [www.taxationweb.co.uk](http://www.taxationweb.co.uk)

Forum for users to share ideas in regard to tax and business issues.

## Reminders for your Autumn diary

### September

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 19 PAYE, Student loan and CIS deductions are due for month to 5 September 2017.
- 30 End of CT61 quarterly period.

### October

- 1 Due date for payment of Corporation Tax for period ended 31 December 2016.
- 5 Deadline for notifying HMRC of new sources of

taxable income or gains or liability to the High Income Child Benefit Charge for 2016/17 if no tax return has been issued.

- 14 Due date for income tax for the CT61 quarter to 30 September 2017.
- 19 Tax and NICs due under a 2016/17 PAYE Settlement Agreement.

PAYE, Student loan and CIS deductions are due for the month to 5 October 2017. PAYE quarterly payments are due for

small employers for the pay periods 6 July 2017 to 5 October 2017.

- 31 Deadline for submitting 'paper' 2016/17 self assessment returns.

### November

- 2 Deadline for submitting P46 (Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2017.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 November 2017.