



Branston Adams

accountants & business advisors

Suite 2, Victoria House, South Street, Farnham, Surrey, GU9 7QU
tel: +44 (0)1252 728 598 fax: +44 (0)1252 728 652
email: paul@taxaccountancy.com
www.branstonadams.co.uk

Business Matters

Summer 2017 inside this issue...

- ▶ Planning for change
- ▶ Making Tax Digital
- ▶ 2017 Spring Budget highlights
- ▶ Business Round-up
- ▶ Web Watch
- ▶ Reminders for your Summer diary



Pensions re-enrolment: don't get caught out

As an employer, did you know that you have a legal duty to re-enrol certain employees back into an automatic pension scheme every three years, even if they opted out the first time? Failure to do so could result in a penalty...

If you were one of the thousands of businesses that auto-enrolled employees in 2014, you may be approaching the crucial re-enrolment phase, which should take place approximately three years after your original staging date.

Employers are required to complete the re-declaration of compliance with The Pensions Regulator (TPR), even if they do not have any staff to re-enrol. The main qualifying threshold or 'trigger' for employees to be automatically enrolled has been maintained at **£10,000** per annum for 2017/18.

Consider the following steps to help ensure that you meet your legal obligations and avoid a potential penalty.

Step one: Choose your re-enrolment date

You have a six month window from which you can choose a date for re-enrolment – this can be either three months before or after the third anniversary of your original staging date. Employers cannot opt to postpone their re-enrolment date, so be sure to choose a date that is achievable for your firm.

Tip: Check your payroll systems and personnel are prepared to deal with a potential increase in employees who may need to be re-enrolled.

Step two: Re-assess your workforce

TPR stipulates that you only need to assess employees who were previously auto-enrolled and have subsequently either:

- asked to leave (opted out of) the pension scheme
- left the pension scheme after the end of the opt-out period
- stopped or reduced their pension contributions to below the minimum level (and who meet the age and earnings criteria to be re-enrolled).

You are not required to reassess employees who:

- are currently in the pension auto-enrolment scheme (and meeting the minimum contribution requirements)
- are aged 21 or under
- are of or over the state pension age
- do not meet the age and earnings criteria for automatic enrolment.

Following assessment, you should re-enrol eligible staff into a qualifying pension and begin making contributions within six weeks of your re-enrolment date.

Tip: Don't forget to continually monitor employees' ages and earnings, which may change their eligibility status.

Step three: Write to those staff that you've re-enrolled

You should write to each employee who has been re-enrolled into the pension scheme. This should be done within six weeks of your re-enrolment date.

Tip: Template re-enrolment letters are available on the TPR website – visit www.tpr.gov.uk/reenrol-letter

Step four: Complete your re-declaration of compliance

You are required to complete your re-declaration of compliance with TPR to let them know that you've met your legal duties. This should be done within five months of the third anniversary of your staging date. You should do this even if you have not re-enrolled any staff into the pension scheme.

Tip: Make sure TPR has your current contact details as it will write to you about your re-enrolment duties.

Further guidance on re-enrolment is available on the TPR website: www.thepensionsregulator.gov.uk.

Planning for change

Recent months have seen significant changes to the UK's economic landscape. While the exact impact of Brexit remains to be seen, change is an inevitable part of business and it's essential to be able to adapt to whatever may be around the corner.

All businesses are subject to change, whether this is due to internal factors such as launching a new product, or external factors, including the emergence of new technologies or competitors.

Planning ahead

Forward planning is key to managing change. You will need to work to identify where changes need to be made, and allow sufficient time to test any plans. Now is the time to review your short, medium and long-term objectives in line with the 'SWOT' principles – identifying any strengths, weaknesses, opportunities and threats.

Action points

- ✓ Review and update your business plan
- ✓ Plan for where you see your business in one, two and five years' time
- ✓ Look at what your competitors are doing
- ✓ Set up key performance indicators (e.g. sales, staffing)
- ✓ Draw up a specific timetable for action
- ✓ Measure your performance against your targets

Responding to change

Change brings with it both challenges and opportunities. It may be that your business needs to reconsider its existing offering, whether this means modifying products or services or approaching entirely different markets. You may also wish to consider partnering with another business.

Action points

- ✓ Consider adapting or expanding your existing offering

- ✓ Research and test potential new markets
- ✓ Consider adopting new sales and marketing techniques, including online and social media channels
- ✓ Consider the impact on staffing levels and processes
- ✓ Focus on the most profitable areas of your business
- ✓ Seek customer feedback on your proposed changes

Creating a positive culture

People can be resistant to change. However, you can help to foster a positive attitude to change throughout your business, by explaining the need for any changes.

Action points

- ✓ Engage staff by inviting ideas
- ✓ Hold regular brainstorming sessions
- ✓ Nominate a key member of staff to coordinate the changes
- ✓ Consider the retraining needs of existing staff
- ✓ Establish a clear timetable for the changes
- ✓ Offer an open door policy

Protecting profitability

Change could potentially affect any area of your business but there are a number of steps you can take to help protect profitability.

You may look to introduce strategies for increasing turnover. Working to increase sales to existing customers can be one

of the most effective ways to boost the bottom line.

Action points

- ✓ Look to reduce costs, such as utility bills and bank charges
- ✓ Negotiate with your suppliers
- ✓ Cross-sell and upsell to existing customers
- ✓ Consider whether you are making the most of your employees
- ✓ Ensure systems and processes are as efficient as possible

Managing cashflow

It may be that you will need to borrow additional funds, in which case you may wish to delay any planned investments. We can provide regular cashflow forecasts to help with your budgeting needs.

Action points

- ✓ Consider the optimum time for purchases
- ✓ Negotiate payment terms with customers
- ✓ Invoice as soon as possible
- ✓ Operate stringent credit control procedures, including credit checks
- ✓ Revisit your pricing structure
- ✓ Ensure effective stock control measures are in place
- ✓ Consider the funding options available

Careful planning will help you to effectively manage change. We can help with your business and financial planning needs.

Making Tax Digital: government outlines new rules

In response to the feedback it received from businesses and industry, the government has outlined a raft of proposals in relation to its new Making Tax Digital (MTD) initiative. Many of these relate to the Making Tax Digital for Business (MTDfB) scheme.

Free software will be provided to businesses with the 'most straightforward' tax affairs, and firms will also be permitted to use spreadsheets for their record-keeping. However, these must meet the relevant requirements of MTDfB. Charities (but not their trading subsidiaries) will be exempted from the need to keep records digitally.

MTDfB will be deferred until 2020 for partnerships with turnover exceeding £10 million, while the cash basis entry threshold for unincorporated businesses has increased to £150,000 and the exit threshold to £300,000.

Taxpayers will be given at least 12 months to familiarise themselves with the new quarterly reporting changes before any late submission penalties are applied.

Further changes were also unveiled in the 2017 Spring Budget, including a one year deferral from the mandating of MTDfB for unincorporated businesses and landlords with turnovers below the VAT registration threshold (£85,000 from 1 April 2017). They will now be required to start using the new digital service from April 2019.

Please note that following Theresa May's decision to call a snap General Election on 8 June, the government removed legislation to implement MTD from the Finance Bill 2017. The clauses are likely to be reinstated after the election.

As your accountants, we will continue to assist you with your tax affairs, and will be keeping you up-to-date with the latest MTD developments.



2017 Spring Budget highlights

Chancellor Philip Hammond presented his first – and last – Spring Budget on 8 March 2017, unveiling a number of significant measures for businesses and individuals. Here we provide an overview of some of the announcements, together with some other recent changes.

Business rates support package

Following the recent business rates revaluation in England, the government will provide further support for businesses facing significant increases in bills. This includes support for those firms losing Small Business Rate Relief, to limit rates increases to the greater of £600 or the real terms transitional relief cap for small businesses. A £300m 'hardship fund' will also be available to local authorities in England to provide support for individual cases.

In addition, a £1,000 business rates discount will apply to public houses with a rateable value of up to £100,000, subject to state aid limits for businesses with multiple properties, effective for one year from 1 April 2017.

Income tax measures

For 2017/18 the personal allowance has increased to £11,500 and the basic rate limit to £33,500 as planned. However, for 2017/18 the Scottish government has exercised its new income tax setting powers and the basic rate band for Scottish taxpayers has been set at £31,500.

The government is planning to reduce the tax-free dividend allowance from £5,000 to £2,000 from 6 April 2018.

National insurance contributions

Class 2 national insurance contributions (NICs) will be abolished from April 2018, as previously planned.

The Chancellor also unveiled plans to increase the main rate of Class 4 NICs for the self-employed from 9% to 10% with effect from 6 April 2018, and from 10% to 11% from 6 April 2019. However, following considerable controversy over the announcement, the Chancellor subsequently confirmed that the government will not proceed with the increases.

Research and development (R&D)

The Chancellor announced that administrative changes will be made to R&D tax credits, with the stated aim of increasing the certainty and simplicity around claims, and the government will be taking action to improve awareness of R&D tax credits among SMEs.

Cash basis accounting

The entry and exit thresholds for cash basis accounting increased to £150,000 and £300,000, respectively, with effect from 6 April 2017. The government will also simplify the rules on capital and revenue expenditure within the cash basis, to make it easier for businesses to work out whether the expenditure is deductible for tax.

Vehicle Excise Duty (VED) rates

A new VED system now applies to the taxation of most passenger vehicles registered on or after 1 April 2017.

For the first year this is based on CO₂ emissions. For following years, all vehicles with zero emissions will be exempt from the standard rate of vehicle tax, and all other

petrol or diesel vehicles will pay a standard rate of £140 a year.

An additional rate will be added for all new vehicles with a list price of over £40,000 (including zero emission vehicles). Alternative fuel vehicles continue to receive a £10 reduction on the standard and first year rates.

New NS&I Investment Bond

The Chancellor confirmed the rate of the new NS&I Investment Bond, which was announced at Autumn Statement 2016. The Investment Guaranteed Growth Bond offers a rate of 2.2% over a term of three years and is available for 12 months from April 2017. The Bond is open to everyone aged 16 and over, subject to a minimum investment of £100 and a maximum investment limit of £3,000.

New Budget timetable

The Chancellor also unveiled plans to introduce a new timetable for future Budgets, which will see the main annual Budget taking place in the Autumn, to be followed by a Spring Statement. From 2018, the Office for Budget Responsibility will produce a Spring forecast, and the Chancellor will make his Statement responding to that forecast.

Please note that the information in this article was correct at the time of printing and does not take into account any changes following the General Election in June 2017.

For more information on the Budget announcements and how they could affect you and your business, please contact us.



Business Round-up

Bank cheques 'to clear in a day'

New technology set to be introduced later this year will allow cheques paid into bank accounts to be cleared within one working day. The Cheque and Credit Clearing Company – the organisation that manages the cheque-clearing system – has suggested that a new image clearing system will 'revolutionise how cheques are cleared in the UK'.

Instead of the current paper-based system, a digital image of the cheque will be used instead. This should significantly speed up the process. The changes will be phased in from October 2017, with all UK banks and building societies able to offer the new service by the second half of 2018.

Salary sacrifice scheme advantages removed

Effective from April, the tax and employer national insurance advantages of many salary sacrifice schemes have been removed. Employees swapping salary for benefits are now required to pay the same tax as individuals who buy them out of their post-tax income.

Certain benefits are, however, exempt from the changes. These include: pension contributions and arrangements (including pensions advice); childcare vouchers; workplace nurseries; Cycle to Work schemes; and ultra-low emission cars with CO₂ emissions of up to 75 g/km.

Arrangements made before April 2017 will be protected until April 2018. Arrangements put in place for cars, educational fees and accommodation will be protected until April 2021.

New rules on inheritance tax take effect

From 6 April 2017, a new Residence Nil-Rate Band (RNRB) for inheritance tax (IHT) has been introduced. The band enables a 'family home' to be passed wholly or partially tax-free on death to direct descendants, such as children or grandchildren.

The RNRB is in addition to an individual's own nil-rate band, and is initially set at £100,000 in 2017/18, before rising in a series of stages to reach £175,000 in 2020/21. Up to £1 million of a married couple's estate could eventually be taken outside of the scope of IHT, providing the full nil-rate bands are available to each spouse.

The band can only be used in respect of one residential property. This must have been a residence of the deceased at some point. Buy-to-lets will not, therefore, be eligible for the relief. There is a tapered withdrawal of the RNRB for estates with a net value (after deducting any liabilities but before reliefs and exemptions) of more than £2 million. This will be at a withdrawal rate of £1 for every £2 over this threshold.

For more information on the new RNRB, please contact us. We would be happy to assist you.

Web Watch

Essential sites for business owners.

www.ncsc.gov.uk

Provides information on how to safeguard your business against cyber-attacks and breaches.

www.smeweb.com

Insightful blog pieces on issues affecting small businesses in the UK.

www.gov.uk/government/organisations/department-for-exiting-the-european-union

New government site dedicated to providing information on all the latest Brexit announcements.

www.childcarechoices.gov.uk

Allows users to make informed decisions regarding childcare schemes and costs.



Reminders for your Summer diary

June 2017

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

July 2017

- 5 Deadline for reaching a PAYE Settlement Agreement for 2016/17.
- 6 Deadline for forms P11D and P11D(b)

for 2016/17 to be submitted to HMRC and copies to be issued to employees concerned.

Deadline for employment related securities returns for 2016/17.

- 14 Due date for income tax for the CT61 period to 30 June 2017.

- 19 Class 1A NICs due for 2016/17.
- PAYE, Student loan and CIS deductions due for the month to 5 July 2017.

PAYE quarterly payments are due for small employers for the pay periods 6 April 2017 to 5 July 2017.

- 31 Second payment on account 2016/17 due.

August 2017

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