MNA News Wire

MARSLAND NASH ASSOCIATES

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MNA in partnership with new Independent Financial Adviser (IFA)

Molyneux Associates

We are pleased to announce that we have arranged a new partnership with a local IFA company.

They are a local Devon firm who deal with all aspects of Business and Personal Financial Advice, including for example:-

Relevant Life Cover *(Directors and Employ-ees)*	Investments Trust and Estate Planning
Executive Income Protection *(Directors)*	Group Pensions Personal Pensions
Personal Income Protection	Tax Efficient Planning
Critical illness Personal life Insurance	Corporate Investment
Key Person Insurance Shareholder Protection	
Group Life Cover	
Group Private Health Cover	

We have been working with Molyneux Associates for a while now with regards to Marsland Nash's internal requirements in order that we could see how they work, so we could be happy to recommend them to our clients. We have been impressed with the proactivity of their service.

They are local with offices in Torquay, Plymouth and Cornwall, and they are happy to meet you locally as well.

If you are interested in obtaining Independent Financial Advice, then please contact us and we will be happy to pass your details onto **Graeme Heavens at Molyneux Associates**, or we can provide their contact details for you to contact them direct if you prefer.

Marsland Nash Associates
Vantage Point House
Silverhills Road, Decoy Industrial Estate
Newton Abbot Devon TQ12 5ND
Tele: 01803 527 599
enquiries@marslandnash.com

Registered in England number 4670160

USE TAX-FREE CHILDCARE ACCOUNT TO PAY FOR SUMMER HOLIDAY

Tax-Free Childcare accounts can be used to pay for approved childcare for children aged 11 or under, or 16 if the child has a disability. This can include paying for a summer holiday club or childminder.

The account can also be used to pay nursery fees, or to pay for breakfast or after school clubs in term-time, as well as out of school activities.

Opening a Tax-Free Childcare account is quick and easy and can be done at any time of the year. Families who have not yet signed up should check their eligibility and apply online today.

For every £8 paid into an online account they will receive an additional £2 from the government. This means parents and carers can receive up to £500 every 3 months (£2,000 a year for each child), or £1,000 (£4,000 a year for each child) if their child is disabled.

Money can be deposited at any time to be used straight away, or whenever it is needed. Unused money in the account can be withdrawn at any time.

Eligibility

Families could be eligible for Tax-Free Childcare if they:

- have a child or children aged 11 or under. They stop being eligible on 1 September after their child's 11th birthday. If their child has a disability, they can receive support until 1 September after their child's 16th birthday;
- earn, or expect to earn, at least the National Minimum Wage or Living Wage for 16 hours a week, on average;
- each earn no more than £100,000 per annum; and
- do not receive tax credits, Universal Credit or childcare vouchers.

Marsland Nash Associates
Vantage Point House
Silverhills Road, Decoy Industrial Estate
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enquiries@marslandnash.com

PLANNING A STAFF SUMMER BARBEQUE?

Employers may meet the cost of certain social events for staff without creating a tax liability. This used to be a concession but is now a statutory exemption provided certain conditions apply.

The exemption applies to an "annual party or similar function" provided it is available to all employees or available generally to those at a particular location. During the Covid-19 pandemic HMRC confirmed that a 'function' could include a virtual party, where employers were unable to host a traditional party at which employees would have been physically present.

A key condition is that the cost per head of the party or function must not exceed £150, inclusive of VAT. If an event costs more than £150 then it is taxable in full, not just on the excess over £150.

If you have already held a Christmas Party for staff it may be possible have another event, and for that to also be exempt from tax, provided the combined cost per head is no more than £150 a year. If the combined cost exceeds £150 for the year the employer can designate which ones should be taken into account to make best use of the exemption. If, for example, the cost per head of the Christmas party was £100, and the Summer event was £70 the employer can nominate the Christmas party to be covered by the exemption, but the £70 Summer Event would be taxable (not just the excess £20)

Rather than the employee being taxed on the £70 the employer can deal with the tax and national insurance on the employees' behalf by way of a PAYE settlement agreement.

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IS "GOING GREEN" AN OPTION FOR SMALLER BUSINESSES?

After some of the hottest temperatures seen on record in June we have been reminded about global warming and how small businesses could help the drive towards net zero.

Smaller businesses have recently been affected by the pandemic, higher interest and inflation, and increased energy costs, so it is worth discussing the viability of a green policy during these tough times.
What is a "Sustainable" business?

A sustainable business, or a "green business", is an enterprise that has minimal negative impact or potentially a positive effect on the global or local environment, community, society, or economy.

Going green could boost competitiveness and specifically improve a business's reputation with its customers and staff. Most importantly, many surveys reveal that consumers are increasingly assessing a company's environmental credentials, while business supply chains are under scrutiny to minimise environmental, ethical, and social impacts.

There are also several current incentives for environmentally switched-on businesses, and we anticipate future legislation designed to support government environmental pledges.

With a focus on climate change and the environment, sustainability should be increasingly at the heart of business operations. Even small changes can help move UK businesses towards a greener future. The British business bank lists eight ideas on sustainability:

- Don't use single use plastic;
- Use sustainable suppliers and service providers;
- Implement a greener commute scheme;
- Switch to low energy lightbulbs;
- Install smart power strips;
- Reduce water usage;
- Make workspaces more heat efficient; and
- Install built in recycling units.

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For the full details see: 8 sustainable business ideas - British Business Bank (british-business-bank.co.uk)

The British Business Bank has a wealth of information and guides on how to create a sustainable business and prepare for green growth. Take action with their green business guides, jargon busters and helpful explainers.

Find out what Net Zero actually means with their Green Decoder. The online guide has been co-created with Nottingham Business School, Nottingham Trent University to help smaller businesses decipher the terminology surrounding decarbonisation.

You can also commit to the UK Business Climate Hub and take steps to be greener, saving your business money and saving the planet too.

For further information visit Sustainability - British Business Bank (british-business-bank.co.uk)

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SHOULD DIRECTOR/SHAREHOLDERS TAX ADVANTAGE OF THIS LOWER RATE?

The HMRC rate of interest on beneficial loans looks very attractive compared to the Bank of England Base rate of 4.5% and much higher rates charged by banks for unsecured loans.

Note that where loans are made to participators (broadly shareholders) of a close company there is potentially a special tax charge on the company on any loan still outstanding 9 months after the end of the accounting period. The charge is currently 33.75%, the same as the higher rate of tax on dividend income. This tax charge is only repaid to the company when the loan is repaid or written off.

For example, Fred, the managing director and controlling shareholder of Bloggs Ltd, is loaned £100,000 interest free on 6 April 2023. No repayments are made in the year ended 31 March 2024.Assuming no change in the HMRC official rate of interest the company would show a taxable benefit in kind on Fred's 2023/24 P11d of £2,250 (2.25%)
If Fred repays the loan in full before 31 December 2024 there would be no special charge on the company although Fred would be assessed on the beneficial loan for the 9 months that the loan was in existence in 2024/25.

Note that there are anti- "bed and breakfast" rules to counteract the situation where the loan is re-advanced by the company. The anti-avoidance would not apply where the loan is cleared by crediting a bonus or dividend to Fred's loan account.

If however only £60,000 was repaid by Fred before 31 December 2024 leaving £40,000 outstanding then there would be a s455 charge on the company of £13,500 (assuming 33.75% continues) which would be payable in addition to the company's corporation tax liability for year ended 31 March 2024.

The company would show a taxable benefit in kind on Fred's 2024/25 P11d based on the official rate of interest on beneficial loans for 2024/25 (yet to be determined).

If the company then decides to write off or waive the outstanding loan in year ended 31 March 2025 the £13,500 would be refunded. However, Fred would be assessed on the £40,000 as an income distribution (dividend) arising at the date of waiver in 2024/25.

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DEADLINE FOR TOPPING UP NI CONTRIBUTIONS EXTENDED AGAIN TO 5 APRIL 2025

With all of the changes to personal pensions in the Spring Budget, maximising the State Pension entitlement should not be overlooked. The full rate of new State Pension increased to £203.85 per week (£10,600 pa) from 6 April 2023; a 10.1% increase over the 2022/23 rate as a result of the "triple lock" being restored.

At least 10 qualifying years are required to get a UK State Pension, with full State Pension entitlement at 35 qualifying years. Individuals should log into their Government Gateway account to check their contribution record as they may be entitled to credit for missing years, for example if they were on maternity leave or a carer. They can also check how many more qualifying years they need for a full State Pension, and if necessary, make national insurance (NI) contributions for missing years.

Normally it is only possible to make voluntary NI contributions for the past 6 tax years, to top up any missing or partial years. The Government announced an extended deadline to allow taxpayers to make NI contribution in respect of missing years going back to April 2006. This opportunity was originally scheduled to end on 5 April 2023 and was then extended to 31 July 2023. The deadline has now been extended to 5 April 2025.

Class 3 voluntary NI contributions made before 5 April 2025 will be at the Class 3 voluntary NI rates for the 2022/23 tax year of £15.85 per week, or £824.20 for each full year.

NEW INFORMATION HUB LAUNCHED TO HELP LIMITED COMPANY DIRECTORS MAKE THE RIGHT DECISION AT THE RIGHT TIME

The Insolvency Service has launched a new online information hub to support company directors. The hub hosts guidance and information on a range of business themes commonly faced by companies and aims to help company directors to push their business forward by being more aware of potential pitfalls.
It is specifically designed for directors of micro, small, and medium-size limited companies, although it will also be useful to others.
Directors of limited companies, unlike sole traders, must comply with certain statutory obligations. These can range from hairdressers and builders with their own companies to directors of mid-sized companies in the IT sector, for example.

Examples of the kind of advice available on the information hub include:

- understanding company finances, director duties and obligations;
- how to recognise early warning signs of financial distress; and

how and when limited company debts can become personal debts.

The new information hub was developed after Insolvency Service research found that company directors wanted a single online hub to host clear and concise guidance, with signposts to more detailed guidance and support where needed. As well as direct research with company directors, the project also worked closely with teams in HMRC and Companies House, business finance specialists at Royal Bank of Scotland, and business groups including The Directors Helpline, the Institute for Turnaround (IFT), the Institute for Directors (IoD), and the Federation of Small Business (FSB) amongst others.
See: Director information hub - GOV.UK (www.gov.uk)

CAN WE STILL BE PAID £6 A WEEK FOR WORKING FROM HOME?

During the COVID pandemic the government relaxed the conditions to enable those working from home to be paid £6 a week tax free by their employer, or, where that was not paid by the employer, they could claim relief for £6 a week against their employment income for a tax refund from HMRC. Those relaxed rules applied for 2020/21 and 2021/22. Many employers and employees may not be aware that from 6 April 2022 the rules reverted to the strict statutory position. Employees can claim tax relief if they have to work from home under a homeworking agreement, for example because:

- their job requires them to live far away from the office,
- their employer does not have an office, or
- the office is closed every Friday and employees are required to work from home that day.

Tax relief cannot be claimed if the employee choses to work from home.

PROVIDE ADDITIONAL INFORMATION OF R&D CLAIMS FROM 1 AUGUST 2023

The latest Finance Act includes two changes that will affect all R&D claims:

(1) a requirement to provide additional information before an R&D claim is made; and

(2) a requirement for certain companies to make a claim notification [within six months after the end of the accounting period for which they want to claim R&D relief.]

When a limited company intends to make a claim for research and development (R&D) tax relief, from 8 August 2023 onwards it will need to provide detailed information to HMRC in advance. We can assist you in preparing the notification or prepare it on your behalf.

You will need to set out details of the R&D project(s) undertaken, including, in particular, the scientific or technical uncertainty that the work was seeking to overcome, along with details of the work done to resolve that uncertainty.

For accounting periods beginning on or after 1 April 2023, there is also a new R&D claim notification form which must be submitted within the 'claim notification period', which ends six months after the end of the accounting period for which the company wants to claim R&D relief.

Broadly, new claimants or those who haven't claimed for three years will need to complete this claim notification form for accounting periods beginning on or after 1 April 2023.

Marsland Nash Associates
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SUPER-DEDUCTION REPLACED BY "FULL EXPENSING"

In the Spring Budget the Chancellor announced that "full expensing" - *100% relief for new, eligible plant and machinery* - would replace the 130% super-deduction from 1 April 2023 for limited companies. This is in addition to the £1 million annual investment allowance (AIA) and will be available for expenditure incurred up to 31 March 2026.

Unlike with AIA, the equipment must be new and must qualify for inclusion in the capital allowances general pool. The legislation specifically excludes motor cars and assets for leasing. The items purchased are not pooled with other equipment, and a separate record needs to be kept of each piece of equipment. That is because there is a clawback charge based on the disposal value of the asset.

Where the company's year end straddles 31 March 2023, the amount of super-deduction is pro-rated. For example, if the company had a year end of 30 September 2023, and incurred expenditure on a new machine before 31 March 2023, there would be 115% relief for that equipment. A new lorry purchased in May 2023 would only qualify for 100% full expensing.

Where a company buys new equipment that would normally be dealt with in the capital allowances special rate pool, such as the installation of air conditioning or central heating, the 50% first year allowance (FYA) continues to apply until 31 March 2026. The balance of expenditure would then be dealt with in the special rate pool with a 6% writing down allowance per annum on a reducing balance basis. Where the £1 million AIA is available it would be more advantageous to claim AIA at 100%, rather than the 50% FYA.

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Should Employees Reimburse their Employer for Private Fuel?

The table below sets out the HMRC advisory fuel rates that apply from 1 June 2023. These are published quarterly these days due to the volatility in petrol and diesel prices in recent years. Where the employer provides an employee with a company car there may be an additional benefit in kind on the provision of fuel for private journeys which needs to be reported on form P11d.

This additional benefit is based on a notional list price for the vehicle of £25.300 for 2022/23 which applies irrespective of the original list price of the vehicle normally used to compute the taxable benefit. That figure is then multiplied by the CO2/km percentage for that vehicle.

For example, the Range Rover Evoke S AWD Automatic MHEV has a current list price of £41,245. The CO2 emissions data on the Land Rover website is 168g/km for this vehicle. which means that the fuel benefit is 37% multiplied by £25,300 = £9,361. For a higher rate taxpayer that would result in a tax liability of £3,744. That would be an awful lot of fuel! In addition, the employer would have a Class 1A national insurance liability of £1,360 (14.53% for 2022/23).

Provided private fuel is fully reimbursed, the fuel benefit does not apply. This is an all or nothing benefit and unless there is full reimbursement there is an additional taxable benefit. The deadline for reimbursing private fuel is 6 July 2023 for the 2022/23 tax year.

Engine Size	Petrol	Diesel	LPG
1400cc or less	13p		10p
1600cc or less		12p (13p)	
1401cc to 2000cc	15p		12p (11p)
1601 to 2000cc		14p (15p)	
Over 2000cc	23p	18p (20p)	18p (17p)

Advisory Fuel Rate for Company Cars

Where there has been a change, the previous rate is shown in brackets.

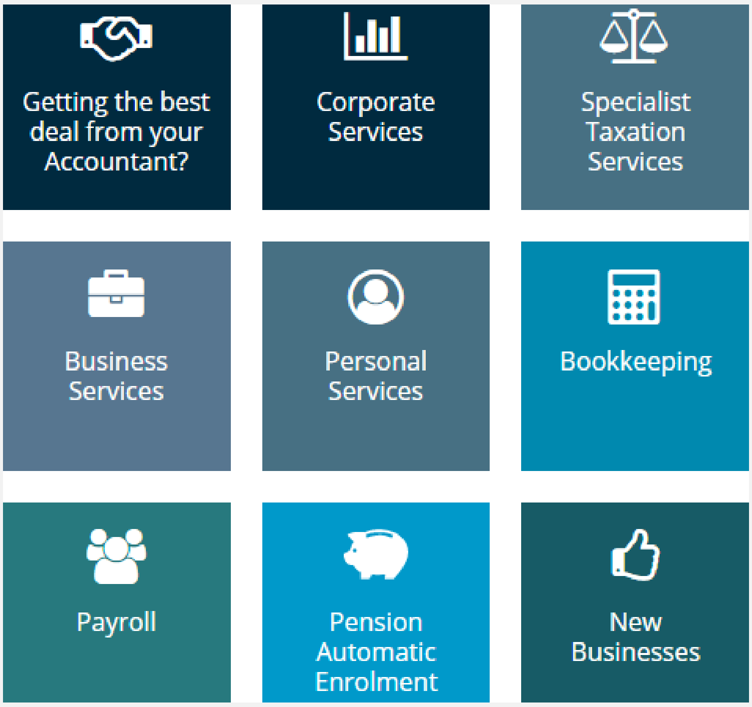
You can also continue to use the previous rates for up to 1 month from the date the new rates apply. Note that for hybrid cars you must use the petrol or diesel rate. For fully electric vehicles the rate is 9p (8p) per mile.

Use of HMRC Advisory rates for VAT Purposes: Where employers reimburse their employees for using their own cars for business journeys the tax – free reimbursement rate continues to be 45p for the first 10,000 business miles and 25p a mile thereafter. There is also an additional 5p per mile per passenger. These rates have not increased for about 10 years!

Provided the employee provides a fuel receipt from the filling station the employer is able to reclaim input VAT on a portion of the amount reimbursed to the employee. The input VAT is 1/6th of the advisory fuel rate for the employee's vehicle. For a 2200cc diesel car the input VAT would be 3.3p per mile based on 20p.

Marsland Nash Associates
Vantage Point House
Silverhills Road, Decoy Industrial Estate
Newton Abbot Devon TQ12 5ND
Tele: 01803 527 599
enquiries@marslandnash.com

MNA WEBSITE



Remember we have a comprehensive website at https://www.marslandnash.com which contains full details of all of our services, as well as:

- ⇒ Latest accounts and tax news
- ⇒ Downloads section which includes all our newsletters
- ⇒ Filing deadlines pages
- ⇒ Current tax rates and information pages

Plus much more!

PAYROLL WEBSITE

We have created a dedicated website at www.mnpay.co.uk
With our payroll clients in mind, so all your payroll resources are in one place

Visit our website or contact Joe Bostock who will be happy to assist you.

Direct Line: 01803 698 928

Marsland Nash Associates
Newton Abbot

Marsland Nash have now been in their new office for 9 months and we have already seen many of our clients at Vantage Point House in Newton Abbot and look forward to welcoming you all over the coming year.

The new office has parking right outside and is situated on the ground floor for ease of access.

Vantage Point House
Silverhills Road
Decoy Industrial Estate
Newton Abbot
Devon
TQ12 5ND

***Tel: 01626 334 989 / 01803 527 599**
Email: enquiries@marslandnash.com
https://www.marslandnash.com

*we have 2 main reception numbers based at our Newton Abbot office