CCF NEWS

Accountancy & Tax

Newsletter Issue 14

Hello and a very warm welcome from John the office dog who has made himself very comfortable and has enjoyed joining in with some of our client zoom meetings.

This quarter we are pleased to bring you our very special **Budget edition** of CCF News.

With so many changes over the past 12 months, this quarter will focus on the latest Government announcements from the budget statement as well as changes to VAT following the departure of the UK from the EU on 1st January.

Best wishes
Teresa, Kelly & Team CCF

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New Business Basics relaunched

Setting up in business can be daunting - Our 'New Business Basics' webinars will give you the best start to get ahead in business.

It is no suprise that one of the consequences of lockdown has been a number of people deciding to take the exciting leap into setting up their own businesses. Some of the reasons have been due to being made redundant or business owners realising they need to take their business in a new direction whilst others are deciding to turn their side hustle into a fully fledged business opportunity.

So 2021 has meant the relaunch of our New Business Basics course where we look to support those who are either just about to set up their business or those with newly launched businesses. We want to make sure that you get the very best start and a structure that works for you.

These quarterly sessions delivered by Alex Gershaw focus on sharing our knowledge of key principles including the differences between a limited company and a sole trade, Tax planning and deadlines and also what you can claim and how. It also covers the basic accounting tools to use to ensure you set off on the right foot.

To find out more about our next session and how you can book your place email **events@ccfaccountancy.co.uk**

2021 Budget Headlines

We delivered our annual Budget Breakfast on 4th March.

Here are the highlights of our review. The full Budget Blog can be found on our website.

Directors Salaries

- The personal tax-free allowance has increased in line with inflation at £12,570 and the basic rate and higher rate tax thresholds have also increased in a similar fashion. This means that individuals can earn up to £50,270 per year before paying higher rate taxes of 32.5% or 40%.
- There are also changes to the National Insurance thresholds.
- For 2021/22 directors have a choice, to go for £797 per month salary and pay some NI or £737 and pay no NI. The thing that will make the difference will be the availability of employer's allowance.

Minimum Wage

- From April 2021 the minimum wage will increase for 23+ year olds to £8.91 per hour. This is an increase from £8.72 in 2020/21.

	Current Rate	Future rate (from April 2021)	Increase
NLW (23+)	£8.72	£8.91	2.2%
21-22 rate	£8.20	£8.36	2.0%
18-20 rate	£6.45	£6.56	1.7%
16-17 rate	£4.55	£4.62	1.5%
Apprentice rate	£4.15	£4.30	3.6%

Stamp Duty Land Tax

- The nil rate band remains at £500,000 until 30 June 2021 but then is reduced to £250,000 for the next 3 months (from 1 July 2021 to 30 September 2021). A further reduction to £125,000 will commence from 1 October 2021.
- This applies to second properties and corporate purchases but the 3% surcharge will still apply.

Corporation Tax

- The Corporation tax rate is being increased to 25% from April 2023 but companies with a taxable profit less than £50,000 will still pay corporation tax at 19%. Companies will only pay the full rate if their taxable profit is over £250,000. There will be marginal relief for profit between £50,000 and £250,000.

Extended Loss Carry Back

- Usually losses are allowed to be carried back 1 year. This has been extended to 3 years for Limited Companies and unincorporated businesses. Maximum carry back is £2 million
- Special rules apply to groups.

Mortgage Guarantee Scheme

- The Government is guaranteeing mortgages to people with 5% deposits on homes up to the value of £600,000. The interest rate can be fixed for 5 years if wanted and these mortgages are available until 31 December 2022.

Capital Allowances

- From 1 April 2021 a 130% super-deduction will be available for plant and machinery. There will also be a 50% first year allowance for special rate assets for 2 years.

For more detail on any of the budget changes or to discuss how they apply to your circumstances, please do not hesitate to contact any of the team at CCF.

Tax Payer Taskforce

There is a special Tax Payer Taskforce to root out Coronavirus fraud for CJRS, SEISS and Bounce Back Loan fraud - £100m is to be spent on 1265 staff to tackle these types of fraud.

Meet the team

Today we introduce our talented tax advisor Adam Donaldson who takes care of all your accounts and tax affairs

When did you start working for CCF?
I joined the team in July 2018.

What is the best thing about working at CCF?
The team work - I have worked in many different sized teams however at CCF everyone seems to pull together when needed. This is very important as we always have a deadline or two to meet!

What do you enjoy most about your job?
I enjoy the variety my role brings, one day I can be doing personal tax, the next day accounts preparation, and then the day after could be management accounts. There's a wide range of tasks working in an accountants which keeps the job exciting.

Describe yourself in three words
Competitive, Friendly & Laid-back (as many of my colleagues call me!).

What are your biggest passions outside of work?
I am a big football fan so either playing for my local Sunday league team or watching the mighty Leeds United! I also enjoy getting the running shoes out and competing in local 10k events.

Who would you invite to your fantasy dinner party (3 guests only)?
Marcelo Bielsa, David Attenborough and Ant & Dec (They are classed as one guest right?).

If you didn't work in finance what would you be doing instead?
I would have probably followed the family footsteps and gone into construction.

What is the worst joke you have heard?
What did the fish say when it swam into the wall? Dam!

What you need to know about...

Construction Industry Scheme (CIS) Reverse Charge VAT

It's been a busy time for new VAT procedures. On top of leaving the EU, making tax digital for VAT and the launch of the deferred VAT payment scheme, from 1st March 2021, the way VAT is paid within the construction industry will change. The aim of the measure is to reduce VAT fraud in the construction sector.

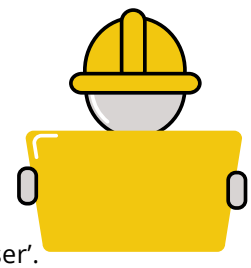
The subcontractor will be required to invoice without VAT for labour and materials and state on the invoice 'the CIS reverse charge applies and the applicable rate of VAT is ...%'. The contractor will then account for both output and input VAT on their VAT return.

Work in Progress

- For existing contracts with *invoices* **before 1 March 2021**, *they can apply normal VAT rules* if paid on or before 31 May 2021.
- If paid after this date or **invoiced on or after 1 March 2021** then domestic reverse charge *must be applied*.

VAT Schemes

Cash and flat rate scheme accounting cannot be used for CIS reverse charge. Therefore contractors currently using these schemes will need to review this and possibly move to accrual accounting for VAT.
A contractor that is not VAT registered may be required to register, if a subcontractor is VAT registered.
If a subcontractor is likely to become a VAT repayable business it may be beneficial to move to monthly VAT returns as cash flow will be negatively affected, particularly in the short term.



When to apply domestic reverse charge

CIS domestic reverse charge should be applied when all the following key conditions are met;

- Both customer and supplier are UK VAT registered.
- Both supplier and customer are registered for CIS.
- The supply consists of construction services only or construction services and materials.
- The customer intends to make ongoing supplies of construction services, i.e. they are not an 'end user'.

Client spotlight...

Today we introduce **Andrew May**, Director of landscape conservation at **ACJEcology Limited**, who work with developers, landowners and planning authorities on areas of ecology and biodiversity.

Andrew May BSc MSc FLS FCIEEM FRES CBiol FRS

What inspired you to set up ACJEcology Limited?
Having worked 15 years for a large organisation, I became disheartened by how business managers led the company with little or very little knowledge of the industry. I still had a passion for ecology and wanted to continue, but not under a corporate blanket.

What challenges have you faced since the business inception?
Our most significant problems occurred with the legalities of HMRC and conquering their language to understand what was required.

What is the most significant change you have had to deal with as a result of the lockdown?
As part of the work I undertake is training, and having to provide this remotely has thrown up some challenges. Maybe because I'm old school, I prefer face to face training. On the whole, Covid has given us some breathing space to help grow our business.

What does an Accountant mean to you and how do you see them supporting you and your business?
We have learnt from experience that employing the right accountant's services is paramount. It is crucial to have support from someone who knows the terminology, takes the time to get to know your business, advises on making decisions for the best outcome and is always one step ahead of you and your business.

Who/what inspires you?
My family inspires me to help make our world a better place for generations to come.

Where do you see ACJEcology Limited in the next 5 years?
To be nationally recognised and, most notably, being a nationally trusted name throughout the industry.

What advice would you pass on to others setting up in business?
Seek out those already in the industry and get professional advice from the start. Consider joining an online support group. We have found multiple online groups that offer free support and guidance.

If you had to do it all again would you, and what would you do differently?
If we were to start again, we would employ a good accountancy group with a significant network support team. Working in your chosen industry is the easy part; however, the back office requires a new understanding.

To get in touch with Andrew to find out more, email **enquire@acjecology.co.uk** or visit **www.acjecology.co.uk**

CCF Events and Training

We are continuing to run our events online so here are the latest webinars for you to join.

Xero Software demonstration
Tuesday 16th March. 1pm via Zoom

Business Planning for Life
Thursday 8th April. 10:30am via Zoom

Quickbooks Software demonstration
Tuesday 20th April. 10am via Zoom

Xero Software demonstration
Tuesday 11th May. 10am via Zoom

New Business Basics
Wednesday 19th May. 2pm via Zoom

To book your place on any of the events above visit our Eventbrite page
https://www.eventbrite.co.uk/o/ccf-accountancy-limited-30439152920

If you have an idea for a seminar topic or any questions about our upcoming events please contact **events@ccfaccountancy.co.uk**

We can also tailor any of our events to enable you to host a co-branded webinar specifically for your target market. Simply get in touch to find out more.