Autumn 2021

Financial and business intelligence

SHIPSHAPE

Game on

Sporting chance of recovery as the economy bounces back

Also in this issue:

IR35: top five misunderstandings

What corporation tax changes mean for business

Focus on trusts

SEISS update

Adjusting to a changing EU VAT landscape

Hybrid working environments

Shipleys' charities and not-for-profit sector specialism

Pension freedom age set to rise to 57

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Shipleys LLP is a firm of chartered accountants and business advisers. *Shipshape* is our regular newsletter for clients and contacts.

If you have any suggestions for topics you would like to see covered in *Shipshape*, or have any comments about its content, please contact Karli Stephens at our Godalming office.

T +44 (0) 1483 423607
E StephensK@shipleys.com

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Shipshape articles are intended to create awareness of issues and specific advice should be obtained before taking action, or refraining from taking action in relation to the topics covered.

Designed and co-edited by thirdperson.co.uk

1 April 2023
date for the rise in corporation tax to 25%

12.5%
new VAT rate for hospitality industry from October 2021

£85,000
turnover threshold at which a business must register for VAT

130,000
women may have been underpaid the state pension

57
new proposed age you can take a private pension

the Stamp Duty and Land Tax (SDLT) 0% band reduces from £250,000 to £125,000

Viewpoint: Simon Robinson
020 7312 0000 • robinsons@shipleys.com

Back to life...

I hope you all summered well and are looking forward to the months ahead.

With some live events to go to and other sectors reopening, it has felt that the slow return to normal life has started to gather some pace. The impressive vaccination roll-out has meant that we could finally spend more important time with family and friends.

After difficult times, we were treated to some inspiring displays of achievement in the recent Olympics and Paralympics, and the highs of a football final and a tennis Grand Slam champion for the first time in quite a while.

On the business front, it's been reassuring to see surveys from the ONS, GfK, CBI and Lloyds Bank all showing a sure and steady increase in confidence among owners that businesses will recover. This has been reflected too in our conversations with clients.

Taking care of business

Signs of recovery are more prevalent. In early August, just 7% of the business workforce was on full or partial furlough. This followed on from July's news of a slight increase in the employment rate (taking it to 75.1%) and a decrease in unemployment (reducing to 4.7%).

Since May, there has been a record high in job vacancies. Though the end of furlough may help alleviate this, it will inevitably lead to pressure to pay higher wages, which will in turn push up prices. It certainly seems to be the time to sign up to an HGV driver training course!

Businesses are also embracing new ways of working to retain some of the benefits that came with a remote workforce. Our Business Club recently discussed the new hybrid (blending remote and on-site) working environment (see page 9).

That theme of business adaptability and growth is further explored in an account from one of our clients, who has successfully built multiple businesses (page 8).

Don't stop believing

The path to recovery is littered with obstacles. Recent UK headlines have revealed staff and stock shortages as well as distribution challenges. In addition to the talent gap, 'pingdemic' and still-high Covid-19 case levels, Brexit hasn't helped the situation.

This was highlighted in a study of owner-managed businesses by the Association of Practising Accountants (of which Shipleys is a member). It reported 24% of owners have experienced a negative or very negative impact on their business since the UK left the EU. Fifteen per cent also cited Brexit supply chain issues as their single biggest challenge. See *https://tinyurl.com/ydssdub6*

Looking ahead, this bumpy road will continue for a while yet. For one, it's not clear yet what further movement the UK will see in inflation rates, and their impact on prices.

It is also challenging that fresh government measures still require organisations to grapple with new compliance obligations. In particular, there is the use of contractors and off-payroll working (see page 2), VAT changes for E-commerce and trading with the EU (page 7) and the continued roll-out of Making Tax Digital (also page 7).

Now is certainly a good time to plan for the corporation tax changes due next year and make the most of current reliefs (see page 3). Be mindful too that the government has launched a consultation which would force unincorporated businesses (such as partnerships, self-employed individuals, trusts and estates) to move their year-end to align with the fiscal year from April 2024. Read more in our article at *https://tinyurl.com/eyu6tb*

While writing this, the government has also announced a planned increase in national insurance and dividend tax – see *https://tinyurl.com/yv2hkz99*

Trust in me

On a different note, and in response to many questions we receive about them, in this issue we've explained the different types of trusts and in what situations they benefit organisations or individuals (see pages 4 and 5).

For our private clients, we've also highlighted some fresh pension-related developments to be aware of (see page 10).

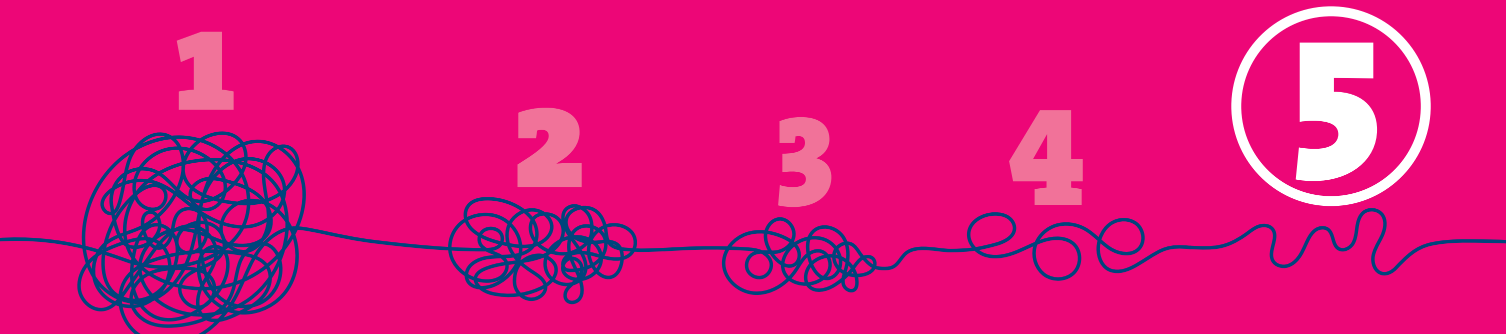
...Back to reality

Since 1 September we have initiated a phased return to the offices for all our team. This is built on a system which blends remote and in-office working to support the covid-secure measures we have established. Like many businesses, we are exploring the new hybrid working environment. You can find out more about the new arrangements here *https://tinyurl.com/3wjyxzsb*

Rest assured our staff continue to be available, combining working remotely and being in the office. They are aided by our technology infrastructure and here to support you. Please do reach out, as we are keen to help.

Wishing you a rewarding and successful autumn.

Simon



Misunderstandings about IR35

New off-payroll working rules have been in place since April, but there is lingering confusion about what they mean. We clear up five common misunderstandings.

Put simply, off-payroll working rules (formerly known as IR35) are designed to reduce tax avoidance by contractors who HMRC believe to be 'disguised employees'.

These are people who work in a similar way to employees, but bill for their services via their limited companies or as self employed businesses. They do this in order to make their tax affairs as tax efficient as possible.

It used to be the responsibility of contractors to assess their own IR35 status. However, in April 2021, for those operating via a personal services company (PSC), this burden switched to the 'end user' client – if the client is a qualifying medium or larger business.

1 By far the biggest misconception is that once a contractor is assessed to be 'inside IR35' and a 'deemed employee' this means the same thing as being a permanent employee. It does not.

While the client is now responsible for the contractor's PAYE tax and NICs, the contractor is still viewed as working for that client through their own PSC and has none of the benefits a permanent employee has – such as paid holidays, paid sick days, pension and wrongful dismissal rights. So, a contractor will still need to continue to run their PSC and file annual accounts.

2 A contractor will not always go on the payroll of the end user client that makes the IR35 status determination. If a contractor works for the end user client through an agency or an umbrella company, the contractor will go on the payroll of that third party.

In this scenario, contractors should be aware that their client is possibly more likely to determine they are inside IR35 because all payroll costs pass to the third party. At the same time, agencies should plan how they will meet those extra costs.

3 If a contractor is assessed to be inside IR35 as a deemed employee, the contractor's VAT responsibilities have not changed and remain exactly as they were before. The contractor will still need to raise an invoice including VAT. The client will then deduct PAYE and NICs (net of the VAT) and make the appropriate payment, including the contractor's VAT charge. The contractor will then make the correct VAT payment to HMRC.

4 A contractor working inside IR35 for just one client does not have to continue paying corporation tax and tax on dividend payments because PAYE will already have been deducted from earnings. However, to claim corporation tax exemption, the PSC must still file its accounts – including a corporation tax return that should indicate where PAYE has already been applied.

The rules around this area get more complicated if a contractor is working for one client inside IR35 and others outside IR35. Contractors (or their accountants) will need to calculate in their 2022 returns what proportion of their overall profits are exempt from corporation tax and what dividend payments are exempt from tax.

5 The IR35 changes introduced this April don't replace all the pre-existing rules in this area. So, for contractors working for clients that fall below the qualifying size of medium or larger organisations, or for self-employed clients, it's still their responsibility to make their own status determination.

HMRC offers a Check Employment Status for Tax (CEST) tool to help determine the relationship between a contractor and a client at *https://tinyurl.com/zg4ufoc*

If you would like advice, please speak to your usual Shipleys contact. More details on the Shipleys website at: *https://tinyurl.com/y6ezxnrd*

Corporation tax rate rise – the return of marginal rates and associated companies

We look at some of the details around the new 25% rate, and other changes affecting corporation tax bills.

The Chancellor is increasing corporation tax to 25% from 1 April 2023. However, the new full rate of 25% is only applicable for companies making profits of over £250,000. Companies with profits of £50,000 or below will pay the small profit rate of 19%.

Companies will pay a marginal rate of corporation tax of 26.5% on profits between £50,000 and £250,000. Marginal rates of corporation tax are nothing new, however they are something we saw the end of nearly eight years ago.

When the new rules are introduced, a company with £100,000 of taxable profit will pay the following rates of corporation tax:
1st £50,000 @ 19% – £9,500
2nd £50,000 @ 26.5% – £13,250
Total corporation tax – £22,750 (22.75%)

Group company traps

The limits of £50,000 and £250,000 will be reduced where there are associated companies.
A company is associated with another company at a particular time if, at that time or at any other time within the preceding 12 months:

- one company has control of the other
- both companies are under the control of the same person or group of persons.

Example
If a group includes four companies, each company within that group would pay the following corporation tax rates:

Taxable profits <£12,500
19% (£50,000/4)

Taxable profits £12,501
£62,500 – 26.5%

Taxable profits above £62,500
25% (£250,000/4)

The rates above will apply for each active company.

Therefore in group company situations, care and planning will be needed where profits per company will be taxed at different rates.

Temporary carry back extension

Another corporation tax-related change is the temporary extension of the period over which incorporated and unincorporated businesses may carry back trading losses from one year to three years. This will apply to a maximum £2m of unused trading losses made in each of the tax years 2020/21 and 2021/22 by unincorporated businesses.

The same maximum will apply separately to companies' unused trading losses, after carry back to the preceding year, in relevant accounting periods ending between 1 April 2020 and 31 March 2021, and for periods ending between 1 April 2021 and 31 March 2022.

Super-deduction capital allowance

For the period 1 April 2021 until 31 March 2023, limited companies will be able to claim a 130% super-deduction capital allowance on qualifying plant and machinery investments. There is currently no proposed cap on the level of investment which qualifies for the 130% rate.

The government has also recently widened this super-deduction to cover property investors for allowances on plant and machinery within leased properties.

R&D tax credit repayments capped

Research and development (R&D) tax credit repayments for SMEs are now capped for accounting periods after March 2021. The cap limits the payable R&D credit to £20,000 plus 300% of an SME's total PAYE and NIC liability.

The cap does not apply to those companies which have employees creating or managing intellectual property and which don't spend more than 15% of their qualifying R&D expenditure on outsourcing the relevant R&D work to connected parties.

For more on the new corporation tax rates and what they mean for your business, please talk with your usual Shipleys contact or get in touch with one of our offices.

Buildings and land reliefs can reduce your tax liability

Claiming for reliefs and allowances can cut corporation tax bills for qualifying businesses.

One such allowance which applies to all businesses is the structures and buildings allowance (SBA), which covers expenditure on or after 29 October 2018 on the purchase or improvement of business premises.

A successful claim will give an annual allowance of 3% of the qualifying expenditure. This can then be used to reduce the annual taxable profit figure of the business by that sum for up to 50 years.

Premises must be taxable in the UK and used for a qualifying activity. Construction costs which count as qualifying expenditure for the SBA include:

- fees for design
- preparing the site for construction
- construction works
- renovation, repair and conversion costs
- fitting out works.

More from the Shipleys website at: *https://tinyurl.com/93vv897c*

Land remediation relief
Businesses planning to reduce their environmental impact can take advantage of several helpful government initiatives.

One of these is land remediation relief. If a property development project involves cleaning up contaminated land, up to 150% tax relief is available on the cost. If the development project makes a loss, a 24% cash repayment for the land remediation cost can be claimed.

More on this and other eco-friendly incentives at: *https://tinyurl.com/2hf2d4hz*

Getting to grips with trusts

In the first of a series of articles, we look at the types of trusts and where they can be useful.

Trusts provide a way of giving away assets but giving them to trustees to look after on behalf of the beneficiaries, rather than directly to the beneficiaries themselves.

The person creating the trust and providing the assets is the settlor. The trustees – individuals or a trust company – become the legal owners of the assets and look after them, based on the terms of the trust deed and trust law.

The beneficiaries benefit from the trust assets, either by right or at the trustees' discretion, and from the income the trust produces, the trust capital or both.

When are trusts useful?

Historically, trusts have been created for asset protection – either to protect a potentially spendthrift beneficiary from themselves, or to look after the funds for those incapable of doing so because of age or medical reasons.

For example, rather than put a large sum into a bank for a child to spend on whatever they like at 18, funds can be put into trust instead and held to a time when the trustees are happy the beneficiary can manage the funds.

Trusts can also help with estate planning. As an example, grandparents might want to pay for their grandchildren's school fees. One option is to put funds into trust for their grandchildren now, which means for inheritance tax (IHT) purposes the gift is today, but the trustees then use the funds over the following years for school fees. The grandparents have made a substantial early gift, which is ignored for IHT purposes after seven years, rather than a series of ongoing gifts which each have a seven-year gift period.

Trusts can also be helpful on death – rather than having to choose who to leave a large estate to, the assets can be put into a trust, providing flexibility as to who benefits and when, without adding to anyone's personal IHT estate.

Types of trust

There are now three main types of 'family' trust:

- Immediate post-death interest (IPDI) trusts – created on death, with the beneficiary having a lifetime right to the trust income. The capital is often distributable at the trustees' discretion.

  An IPDI is different from other trusts because, for IHT purposes, the assets are aggregated with the estate of the beneficiary. IHT is charged on their personal assets and the trust assets added together.

  This type of trust can be useful purely as protection for the beneficiary. Where the beneficiary is a surviving spouse, the spouse exemption for IHT applies as if they had been left the asset outright.

- Interest in possession trusts (IIP) – also known as a life interest trust. An IIP also gives a beneficiary a right to the trust income but is created in a lifetime. However, the trust assets are not part of the beneficiary's estate (unless created before March 2006), and the trustees pay their own IHT charges every 10 years.

While the trustees have no discretion over the income of the trust, they generally have discretion to pay out the capital.

- Discretionary trusts – here both the income and capital are payable by the trustees entirely at their discretion, providing the most protection. As with a new IIP trust, the trustees pay their own IHT, so the assets are not chargeable on anyone's death.

Non-family and specialist trusts include employee ownership trusts, pensions, insurance products and IHT planning products like discounted gift trusts – which we'll cover in future Shipshape articles.

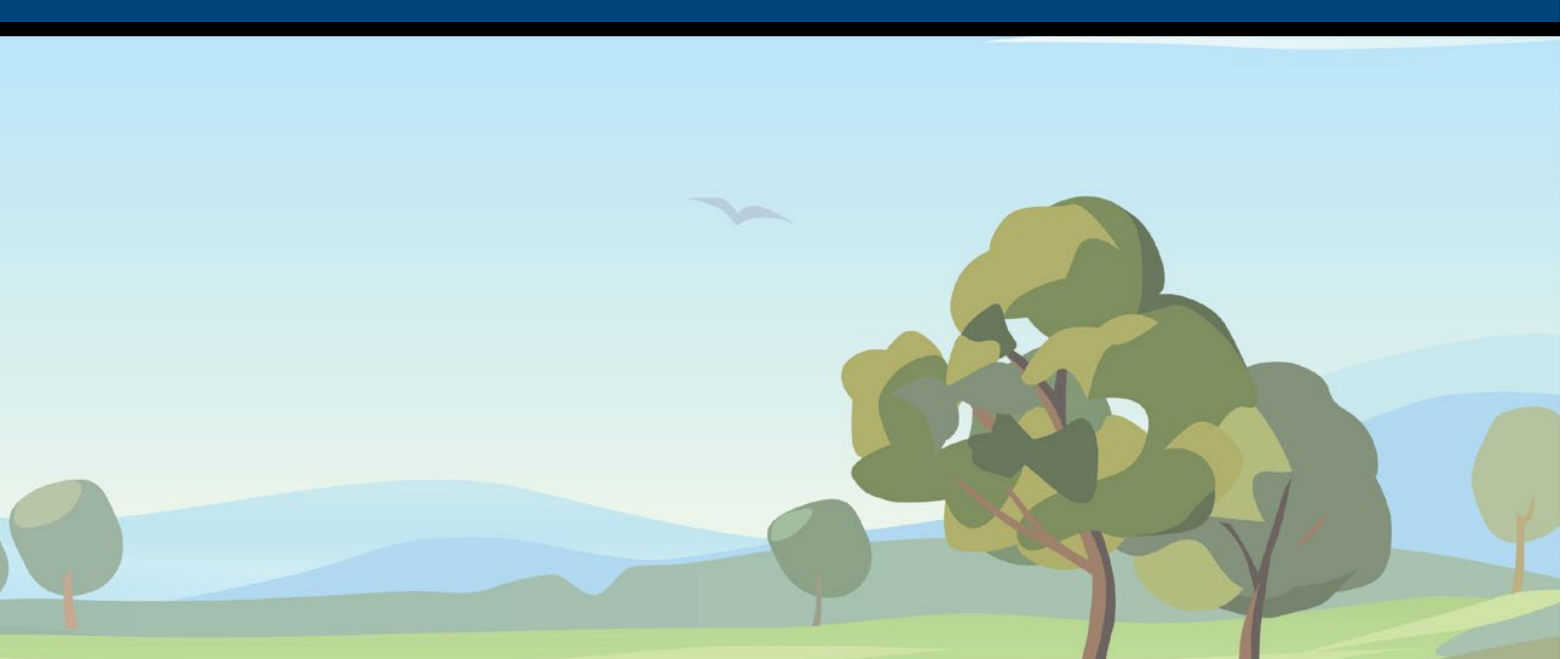
One further non-family trust is a charitable trust. This is another way of setting aside a large amount now, for use in the future either as an ongoing annuity for specific charities, where funds can be released over time or on certain events, or as a family charity legacy for use in the future.

Tax benefits

While a trust's primary use is for asset protection, there are also several tax advantages.

For IHT purposes, creating a trust in lifetime can enable a large gift to be made and earmarked for beneficiaries now, which in turn starts the seven-year clock running. Any gift above the exemptions is a lifetime transfer which is no longer subject to IHT after seven years have passed.

A gift into a trust is an immediately chargeable transfer. This means there is a charge to IHT if the gift into trust is above



the settlor's available nil rate band of £325,000. This also means that a married couple could settle trusts worth £650,000 every seven years, and over time put aside a sizeable sum that will escape IHT on their death.

A trust does suffer IHT at 6% on the value of the assets above the nil rate band every 10 years. However, it should be noted that with no change in value of the assets, it would take over 60 years for the IHT paid by the trust to be equivalent to the 40% suffered on a death.

Some people are happy to put in more than £650,000, and suffer the 20% initial charge on that gift, but this should be limited to very high-value estates, and those where it is clear the assets will likely rise in value.

It's also worth noting that assets which qualify for IHT relief do not suffer this entry charge. As an example, unquoted company shares which qualify for Business Relief for IHT purposes, can be put into a trust at any value without any initial charges.

We will cover the other tax advantages of trusts in more detail in future Shipshape articles, but in summary:

Income tax – Trusts are generally neutral for income tax purposes. An IIP or IPDI trust pays tax on its income at basic rates, and the beneficiary then reports all the income on their return with a credit for the tax paid by the trust.

A discretionary trust pays income tax at the highest rates, but when a distribution is made it has attached a 45% income tax credit – so if the beneficiary is only a 20% taxpayer, they can recover 25% of the tax. If used for school fees, and the child is a 0% taxpayer, they can recover the whole of the tax within their personal allowance.

Capital gains tax (CGT) – On the creation of a trust, provided it is not 'settlor interested', any gains on assets added to the trust can be 'held over'. No gain arises here and the trustees take the asset at the same base cost as the settlor. Therefore, cash is not required to settle a trust, and it can be beneficial to settle shares or property into a trust under holdover so no CGT arises here, although it is passed on to the trustees in the future. However, as with IHT, this does enable a gift to be made without incurring a significant upfront tax charge into a protected environment. Trustees pay CGT in the same way as individuals, but at the highest rates, currently 20% and 28%.

The rates above are as they stand today – we await the detail on the Health and Social Care Levy, and whether the additional 1.25% tax on dividends will affect trusts as well as individuals, but it is expected that it will.

How we can help

Trusts come with set-up costs and ongoing work to prepare accounts and annual tax returns, but can be a very powerful and beneficial tool – if used correctly.

At Shipleys, we can provide trust and estate planning advice, arrange for a trust to be created and provide ongoing guidance. For will trusts, we can arrange a suitably worded will to be drawn up to create a trust on death and provide probate services and trust services. More details on trusts and estates from the Shipleys website at: *https://tinyurl.com/uc3496wt*

Implications for beneficiaries of the Self-Employed Income Support Scheme

The fifth Self-Employment Income Support Scheme (SEISS) grant closed to applications on 30 September. Here we discuss some implications for its beneficiaries.

The government's SEISS grants have proven a lifeline for many self-employed people in businesses adversely affected during the pandemic.

Since May 2020, there have been five SEISS schemes offered to qualifying self-employed individuals or partnerships.

How the fifth grant was different

The fifth payment, covering 1 May to the end of September 2021, was assessed slightly differently to previous schemes and factored in how much your turnover had been reduced.

Claimants had to provide two different turnover figures – one for April 2020 to April 2021 and another for 2019/20 or 2018/19.

For businesses whose turnover had reduced of 30% or more, grants equal to 80% of three months' average trading profits were payable, capped at £7,500.

For those with a fall in turnover of less than 30% the grant was worth 30% of three months' average trading profits, capped at £2,850.

Paying tax on SEISS

The Chancellor has stated that any SEISS grant paid from 6 April 2021 onwards will be taxed in the year it was received. For the fifth payment that is the 2021/22 tax year.

It's worth remembering you should pay tax on the first three grants in the tax year 2020/21, while the fourth grant will be included for tax payments in the 2021/22 tax year.

HMRC recently released guidance for those who have already submitted their 2020 to 2021 self-assessment tax return online, and claimed a SEISS grant before 6 April 2021. This is because HMRC may have made an adjustment to your return if:

- the amount of the SEISS payments put in the SEISS box does not match their records
- there was no SEISS amount entered in the return
- you did not submit a Self Employment or partnership page (SA103 or SA104) and received SEISS payments.

Read HMRC's guidance on how to declare your SEISS payment in your self-assessment online tax return at *https://tinyurl.com/u7eaz54w* or talk to one of our tax specialists for help.

Other considerations

Applicants must keep evidence of the impact of Covid-19 on their business as HMRC is increasingly investigating and clamping down on assessments and applications it regards as false or fraudulent.

Details of the HMRC's SEISS penalty regime are at: *https://tinyurl.com/v2hwz7ss*

Get more details on the tax treatment of the SEISS grants from the Shipleys website at: *https://tinyurl.com/kmr5jwm8* and there's also additional help from the gov.uk website at: *https://tinyurl.com/n38a4n7r*

Have you seen the new-look Shipleys website?

Over the summer we were delighted to launch a new version of our website.

Designed to align more closely with the vibrancy and visual identity of our corporate branding, it also delivers a faster and more engaging experience to all our website visitors across different devices.

The new site has been well received and we've seen a 20% increase in visitors in the first two months.

In addition to giving detail on our services, sector specialisms and expert team of professionals, the site has lots of fresh insights, guidance and practical tools for you to use. In particular, check out the fresh thinking in the site's Resources section.

Visit the site at www.shipleys.com and if you have any feedback or suggestions, please contact us at: *https://tinyurl.com/4k8shsj9*

shipleys LLP

The VAT landscape when dealing with EU member states has changed dramatically and Shipleys is working hard to ensure our clients understand the new rules, especially as they can differ from country to country.

A number of practical VAT and duty issues have emerged which were not wholly obvious in the lead-up to Brexit.

For example, to submit a VAT refund claim, several EU member states (including Spain, Italy and France) now require UK businesses to appoint a fiscal representative, which can make the process expensive. In light of this, businesses incurring a lot of VAT in the EU may want to rethink their VAT strategy.

And despite early misunderstanding of new post-Brexit arrangements, UK duty deferment accounts are not required for importing goods into Great Britain (GB) from the EU. There's more detail on this and VAT refund claims on the Shipleys website at: *https://tinyurl.com/uxx98hmy*

E-commerce rule changes

From 1 January 2021, UK e-commerce VAT changes mean a business must have a UK VAT registration if it:

- operates an Online Market Place (OMP) that facilitates the sale of goods to the UK from overseas or local goods sold by an overseas seller, or
- sells goods directly (without OMP involvement) to UK customers where the goods are (a) outside the UK at the point of sale and (b) imported to the UK in consignments not exceeding £135 in value.

More at: *https://tinyurl.com/y8hxm3dt*

Since 1 July 2021, new EU arrangements mean all supplies of goods and most supplies of services to EU consumers purchased via e-commerce are to be taxed where the consumer is located in the EU. The reforms include:

- the launch of a One-Stop Shop EU VAT return for eligible businesses
- replacement of the low-value import VAT exemption with an Import One-Stop Shop return
- making marketplaces the deemed supplier for VAT when they facilitate certain cross-border business-to-consumer transactions of third-party sellers.

More at: *https://tinyurl.com/zp45a94b*

If you would like further advice on EU VAT, please speak to your usual Shipleys contact or email Nancy Cruickshanks at CruickshanksN@shipleys.com

Reminders round-up

MTD deadline approaching

Making Tax Digital (MTD) rules – which require a business to keep digital records and use MTD-compliant software to file their returns – will include all VAT-registered businesses, regardless of turnover, from 1 April 2022.

In the meantime, all businesses not already signed up for MTD will have their VAT records moved by HMRC to a new database. Affected businesses may need to resubmit direct debit mandates and agents may have to file their clients' returns in a different way.

Shipleys can help businesses migrate to the MTD-compliant software. More on this at: *https://tinyurl.com/85422p*

Temporary change for commercial property ended

A temporary change to the rules for the notification of an option to tax (OTT) land and buildings has now ended.

For decisions to opt land or buildings made between 15 February 2020 and 31 July 2021 HMRC extended the notification period to 90 days. However, from 1 August 2021, notification must be within 30 days. More at: *https://tinyurl.com/nnp57j4e*

New 12.5% rate for hospitality industry

A new 12.5% VAT rate will replace the reduced 5% rate that has applied to most of the hospitality and tourist industry since July 2020. The 12.5% rate will be in place from 1 October 2021 to 31 March 2022 before a return to the usual 20% on 1 April 2022.

VAT registration

A reminder that businesses – companies, partnerships and the self-employed – must register for VAT if VAT taxable turnover goes over £85,000. HMRC is targeting businesses that have passed this threshold but not registered.

Building successful businesses – and having some fun

Jeremy Waud, chairman of Incentive FM Group, explains how he has successfully created and acquired multiple businesses in very different markets.

Despite the challenges of the pandemic, the year ended March 2021 was facilities management company Incentive FM Group's best trading year ever – and the outlook for next year is equally good with an expected turnover of £115m.

The group's journey to this healthy position began when Jeremy Waud left his family's contract services business to start Incentive FM in 2002.

The business now provides integrated services, including security, maintenance, cleaning and customer services, for the owners or occupiers of shopping centres like Bluewater in Kent, offices, factories and historic buildings like London's Somerset House.

Creating new businesses

Incentive FM's operations are complemented by businesses it has acquired or created between 2008 and 2017 to supply contract cleaning, window cleaning, mechanical and electrical maintenance and consultancy services. The consultancy arm of the group advises on business efficiencies, with customers ranging from a car manufacturer to Liverpool FC.

Reflecting on the Covid-19 pandemic, Jeremy says: "The furlough scheme and extra time to pay taxes like VAT has been important in strengthening our cash position. We didn't win new business, but we didn't lose any either – our customers were very loyal, and we supported them too."

Outside his facilities management interests, and serving a completely different sector, Jeremy set up website design and online marketing business Net72 in 2008. "That came about because my golf club asked me to sort out their website. A friend who knew about website design helped me out and I found it very interesting, so I decided to create a business using what we'd learned." Net72 now has 50 clients and its staff includes Jeremy's son.

In another unrelated venture, Waud Wines focuses on yet another market. Started by Jeremy in 2010 as a private members wine club, it now has close to 200 members and offers discounted fine wines, overseas wine tours, dinners, wine-tasting and even the chance to invest in wine.

Jeremy says: "Wine is a passion of mine, but what both Waud Wines and Net72 show is that as well as building your main business you can also have some fun and get involved with creative people to set up other businesses."

Successes and challenges

Jeremy points to his first company, Incentive FM, as a particular success: "We had to start from scratch, yet we set out to build a £100m company in 10 years. It took us nearer 20 years but we still did it."

Jeremy admits there have been hiccups along the way: "Buying three different mechanical and electrical companies, each with its own culture, was a challenge. Although they're integrated now, we didn't initially do that well. You just have to learn from these experiences so you're more astute next time."

Shipleys is delighted to have been advising the Incentive FM Group for 10 years now. Jeremy says: "We wanted a firm capable of helping us grow, which they've certainly done. Shipleys primarily handles auditing and tax for us, which can be quite complicated across the whole group, but we also value their input on strategy and direction."

Plans for the future

Looking ahead, Jeremy says: "At some point I and the other Incentive FM Group shareholders will be made an offer by someone that's irresistible and we'll sell up. But until then it's full steam ahead looking after our clients, working hard to add value for them and building long-term relationships."

www.incentive-fmgroup.com

Providing an important service for good causes

Continuing our series on Shipleys' sector specialisms, we talk to Sarah Leek, a key member of our charities and not-for-profit team.

It's been a tough time for some of our clients in the charitable and not-for-profit sector with the pandemic forcing them to rethink how they raise funds and deliver services.

Sector specialist Sarah Leek is impressed by their response to this challenge and is pleased Shipleys can play a small part in helping: "I've found most have been creative in moving to virtual fundraising and finding new ways to connect.

"It's also important they focus on financial planning, which is the main area of support we offer. We regularly review and advise clients on their forecasts, scenario models and budgets to ensure they are financially viable. We've also been able to advise on the furlough and other government assistance schemes."

Help with regulations and taxation

Aside from the special circumstances of Covid-19, clients value Shipleys' expert guidance in what is a heavily regulated sector. Sarah explains: "Charities can find the regulatory side onerous and get bogged down in it, but we can help them to remain compliant and assist with governance."

Shipleys looks after charities and not-for-profit organisations with a combined income of over £80m. We advise on VAT issues around trading activity and on Gift Aid to maximise opportunities to reclaim the tax on donations. Clients benefit from our advice on the tax liability of investment income and our payroll services too.

We publish quarterly Charity Update bulletins for clients that highlight developments and regulatory issues in the sector – for example, HMRC's new guidance on allowing the waiver of a charity's debt (such as refunds or loan repayments) to be eligible for Gift Aid relief. Find the latest bulletins at: *https://tinyurl.com/y2c3mepv*

There's more on our specialist charitable and not-for-profit team at: *https://tinyurl.com/3ukwc3p3*

Fostering productivity and effectiveness in the hybrid working environment

How can businesses help everyone to collaborate and feel involved?

So-called hybrid working (which blends remote and on-site working) is on the agenda for an increasing number of businesses as they respond to the lifting of restrictions and employees' wellbeing.

While the lasting impact of Covid-19 on the workplace is still uncertain, an Office of National Statistics report says 85% of people working from home during the pandemic wanted a mixed approach of both home and office working in the future.

And new YouGov data suggests two in five businesses will allow all or most employees to work from home – an increase from one in four before the pandemic.

A recent Shipleys Business Club meeting discussed how businesses can foster productivity and effectiveness in the hybrid working environment. In particular, how can they help everyone to collaborate and feel equally involved when spread across different locations?

An equal experience

Attendees heard that those businesses which provide an equal experience for everyone – with no one disadvantaged by their location or technology – should benefit from greater productivity and increased competitiveness.

And the new business landscape warrants a fresh approach to traditional working practices that addresses:

- customer and colleague relationship building approaches in this new era
- people's time management
- screen fatigue versus engagement
- the use of space and equipment in business premises
- meeting dynamics when the 'small screen' is also involved.

Club members also discussed how online meetings can be improved for participants, with suggestions including:

- greater integration between technologies, so people don't have to master multiple software products
- scheduling gaps between meetings so people can reflect or prepare
- agreeing meeting protocols that help everyone to have their say and the meeting to be the most productive.

It was also suggested that physical meetings should be reserved for purely collaborative and in-person activities, ensuring a more effective use of premises. More at: *https://tinyurl.com/mhharv4k*

Women missing out on state pension

Thousands of women are thought to have been underpaid the state pension, thanks to a rule change in 2008 and computer errors.

Those affected are married women (including widows and divorcees) who reached state pension age (SPA) before April 2016 and who qualify for the basic state pension.

This cohort of women is entitled to 60% of the basic state pension their husband gets at SPA, but before March 2008 they had to make a claim to receive it. The Department for Work and Pensions (DWP) says it wrote to women whose husbands reached SPA (then 65) before this date to alert them of this option, but many say they never received such a letter.

For women whose husbands reached SPA after March 2008, the DWP's computer systems should have automatically boosted their state pension payments to the 60% sum. However, many women have said that didn't happen.

For women whose husbands reached SPA after March 2008, the DWP says it has backdated missing payments all the way to 2008. Unfortunately, claims by those falling into the pre-2008 group will be treated as a 'new claim' for a pension and therefore backdated by just one year.

To check if you have been underpaid and are owed state pension payments, contact the Pension Service on 0800 731 0469 or go to: *https://tinyurl.com/y9s2wcb4*

HMRC sets out tax rules for cryptoassets

Tax rules around cryptoassets have been clarified by HMRC, with implications for businesses and individuals.

Exchange tokens (including Bitcoin), utility tokens, security tokens and stablecoins are all currently recognised as cryptoassets by HMRC.

In most cases, individuals holding cryptoassets as a personal investment will pay capital gains tax when they dispose of them. For companies that buy and sell exchange tokens, gains or losses will be subject to chargeable gains for corporation tax purposes.

Cryptoassets are considered property for the purposes of inheritance tax, and VAT is due in the normal way for goods or services sold in return for cryptoasset exchange tokens.

More on the Shipleys website at: *https://tinyurl.com/8a9vumwh*

Pension freedom age to rise to 57

The earliest age at which you can withdraw cash from a private pension, without facing tax penalties, is set to increase from 55 to 57 on 6 April 2028.

The increase in the normal minimum pension age (NMPA), otherwise known as the pension freedom age, will affect both men and women. It is designed to encourage people to save longer for their retirement and help ensure their financial security in later life.

Pension schemes that had the right to take benefits at 55 written into their rules as of 11 February 2021 will be able to protect that age for existing members and any others that join such a scheme by 5 April 2023. This protection only applies if the scheme rules specifically gave an 'unqualified right' to retire at 55.

People born before 6 April 1971 should be unaffected by the change – which is being introduced in the government's Finance Bill next year – because they will reach 55 by April 2026 and 57 before April 2028.

For further information, please contact one of our offices:

London
10 Orange Street
Haymarket
London
WC2H 7DQ
T +44 (0)20 7312 0000
E advice@shipleys.com

Godalming
5 Godalming Business Centre
Woolsack Way
Godalming
Surrey GU7 1XW
T +44 (0)1483 423607
E godalming@shipleys.com

www.shipleys.com

@Shipleys_LLP
Shipleys LLP