Autumn 2023
Financial and business intelligence

SHIPSHAPE

A new term

Will the economy perform better this autumn?

shipleys LLP

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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 Gilda Rochester at our London office.

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More detailed information on tax changes is available on our website at www.shipleys.com

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.

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self-assessment threshold for PAYE taxpayers from 2023/24

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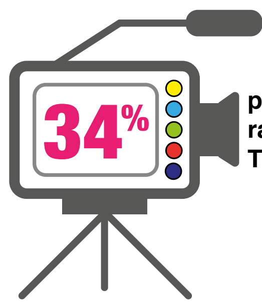

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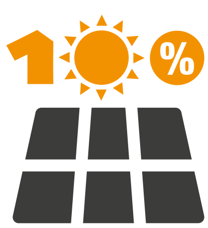

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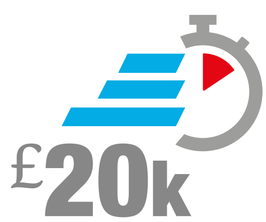

qualifying debt threshold for 'time-to-pay' plans online

Viewpoint: Steve Foster
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Mixed signals

A year on from the economic fallout caused by the Truss government, many of us had hoped for more progress signs by now. Summer 2023, however, brought a mixed bag.

Despite the small growth in the spring and June, the ONS recently reported that UK GDP fell by 0.5% in July.

In August, the inflation announcement showed, on the one hand, that lower energy prices had helped the headline CPI inflation rate in July to fall to 6.8% (down from June's 7.9%).

On the other hand, the core inflation rate (which strips out energy, food, alcohol and tobacco costs) remained unchanged at 6.9%. Even more worrying, the services component of CPI rose to 7.4% – its highest level since July 1992. This led the Bank of England to raise the base interest rate to 5.25%, and there's an expectation that a further rise is likely on 21 September.

On the employment front, wages grew at a record annual rate since records began. Regular pay rose by 7.8% from April to June and remained at that level for May to July. Average wages are now growing faster than consumer prices as employers support their staff facing rising costs at home. While the unemployment rate for May to July rose by 0.5%, it's still comparatively low compared to a decade ago.

Resilience in a tough market

The challenges of the difficult economy were highlighted in a recent survey of UK owner-managed businesses (OMBs) conducted by the Association of Practising Accountants, of which Shipleys is a member.

On the downside, the research found:

- 90% of OMBs anticipate rising labour costs over the next 12 months.
- 89% anticipate supply chain costs will rise over the same period.
- 53% expect energy costs to impede their ability to deliver.
- 68% are unlikely to make significant capital investment in the year ahead.

Despite these concerns, however, many businesses remain resilient:

- 49% think they are in better shape than 12 months ago.
- 78% are confident they could cope with further interest rate rises.

The need for better government support

Another key message from the report was business owners' frustration with government support, with 77% rating it as either poor or very poor. Not surprising perhaps when 59% of respondents reported their main priority was sustaining their business, and 11% were focused on business survival. Only 23% reported business growth as a priority. You can read the full report at: *https://tinyurl.com/3cce2yh4*

Better government assistance was also raised by our Business Club members when they recently discussed recruitment challenges (see page 6).

Let's hope the Chancellor responds to the clamour for better business support in his Autumn Statement on 22 November.

Feeling hot, hot, hot

Summer 2023 will also be remembered for its extreme weather. In March, the UN had already urged countries to bring forward their net zero targets given the earth's rising temperatures. While the UK has committed to becoming a net zero economy by 2050, there's some debate about whether it will achieve this in time.

At the end of November, COP 28 takes place in the United Arab Emirates. There can be a sense of powerlessness at an individual or business level when faced with all the headlines and different government stances. Significant positive change, however, often comes from small steps.

Despite dealing with a challenging economy and rising costs, a recent Novuna Business Finance study found 85% of small and medium-sized enterprises (SMEs) are actively putting green issues higher up their business agenda. On pages 2 and 3, we've covered many practical and affordable steps SMEs can take to lessen their environmental impact.

All change

On a positive note, and given our specialism in the broadcast industry, it has been good to finally have clarity on the government's planned changes to the tax credit rules. On page 4 we've explained what they mean for film, high-end TV, animation and children's TV productions, and video games development projects. Do chat with our specialists for more details.

For our private clients, we have a reminder about the new pension rules (page 7). Our Money matters section flags the self-assessment threshold rise and a change to the tax relief for EU charities in UK wills (page 10).

A helping hand

At the time of writing, the September inflation and base rates announcements have yet to be published. My fingers are firmly crossed for encouraging signs and an autumn when the UK economy takes more significant strides forward. Whatever the headlines, though, the Shipleys team are here to help. Do contact us if you need support or advice.

Steve

Helping your business to get greener

More and more businesses are doing their bit to combat climate change by being more sustainable – and seeing the financial benefits.

The role of business in addressing climate change will be a big talking point at COP 28 in November. For UK businesses that want to do their bit to protect the environment, there are already a range of financial incentives in place to encourage just that (see box below).

A green roadmap will be different for every business and probably won't be achieved overnight, but even small steps can make a big difference. Here are five ways you could make your business more sustainable:

- **Energy efficiency:** You may be able to access grants to make improvements to your premises, such as installing LEDs. If you're a tenant, talk to your landlord and discuss what they're changes willing to make.
- **Reviewing consumption:** Significant reductions can be achieved simply by turning off lights, computers and equipment when not in use or turning down heating and keeping your equipment maintained and efficient. Hold meetings online to cut travel emissions and investigate whether your waste can be recycled.
- **Sustainable suppliers:** Shop around to see if you can source locally or switch to a provider with stronger green credentials.
- **Deliveries:** Consider grouping multiple orders together or offering bulk deliveries and choose couriers committed to reducing climate change.
- **Sustainability champion:** Appoint someone in your business to drive green initiatives, such as the cycle to work scheme. The cap on the value of bicycles and electric bicycles purchased through the scheme has now been removed.

It can be daunting to try to do all this yourself, but there's plenty of guidance available online via organisations such as the Federation of Small Businesses, Institute of Directors and the CBI. The potential benefits make doing your research well worthwhile. For example, it's reckoned a medium-sized business could reduce its water consumption by 3.9 million litres per year by using the right washroom technology.

If you're planning to minimise the environmental impact of your business, do talk with one of the Shipleys team to discuss the latest incentives and allowances.

Green incentives

Businesses can claim 100% first-year tax relief on the cost of energy-efficient technology and equipment without eating into their annual investment allowance.

Many may be able to reduce the climate change levy they pay on electricity, gas and solid fuel by signing a climate change agreement (CCA). This can bring a discount of up to 90% on electricity bills and 65% on all other fuels – provided you improve your energy efficiency and cut energy use.

Other taxes and schemes to promote greener operations include:

- Landfill tax encourages businesses not to send waste to landfill sites.
- The plastic packaging tax is driving greater use of packaging made of recycled plastic.
- Property developers cleaning up contaminated land get up to 150% tax relief on the cost.
- UK emissions trading scheme allows businesses in energy-intensive industries to buy and sell greenhouse gas emission allowances to reduce their environmental impact.

For more on green taxes and reliefs, go to: *https://tinyurl.com/2s3zjya8*

ESG issues moving up the agenda for SMEs

Environmental, social and governance (ESG) considerations are increasingly becoming essential necessities for all sizes of business.

No longer viewed as a luxury, ‘tick-box’ exercise or merely the preserve of larger companies, implementing an ESG strategy is a business priority that all business leaders and employees need to be engaged in.

While regulations such as the UK climate-related financial disclosures (TCFDs) and the EU corporate sustainability reporting directive (CSRD) put the initial onus on the largest organisations to report their climate-related risks and opportunities, SMEs are also feeling the ESG heat.

Increasingly, public sector bodies are requiring businesses they work with to adhere to various ESG criteria, and this trend is firmly establishing itself in the private sector too.

Growing numbers of businesses are already asking the SMEs in their supply chains to provide assurances about their ESG practices, and ESG is also becoming a key focus when raising finance, through the likes of sustainability-linked loans.

With ever-increasing public scrutiny around the way businesses operate there is a growing focus on the ‘S’ as well as the ‘E’ in ESG. Popular areas of interest fall on diversity, equity and inclusion in workforces.

Clearly, SMEs can gain a real competitive advantage where they can demonstrate strong ESG credentials.

Businesses that are seen as values-led, with caring leaders, will have an advantage in attracting and retaining employees who share those values and are likely to be more engaged in ensuring the business is successful.

Tackling ESG challenges will be different for every SME but considering the impact and actions of your business across each of the three pillars of ESG is vital in establishing effective policies and practices.

In terms of environmental factors, this may, of course, involve looking at ways your business can cut waste, reduce water and energy consumption and reduce CO_2 emissions. (See some tips on opposite page.)

Social considerations, aside from encouraging greater equality, diversity and inclusion in your own workforce, may mean engaging more with your supply chain over their working practices.

And even relatively small businesses also need to take steps to embed effective governance from the top down, to deliver on their ESG commitments and measure their effectiveness.

Many of the points above were discussed at a recent AGN conference. Shipleys is a founding member of AGN International, a global association of separate and independent accounting and advisory businesses.

Weighing up the pros and cons of electric company cars

With the 2030 ban on new petrol and diesel cars a key part of the UK’s plan to achieve its net zero carbon goal, businesses are considering the ramifications of offering employee salary sacrifice schemes involving electric vehicles (EVs).

Emissions-based tax charge

Salary sacrifice in return for a company car has long been popular but, unlike other so-called benefits-in-kind, the income tax charge for cars with emissions of less than 75g/km isn’t based on the salary given up. Instead, it’s based on a set percentage, defined by HMRC, of the list price for the car.

For a fully electric car the rate is 2% until 2024/25, rising one percentage point a year thereafter until at least 2027/28 when it will be 5%. For a hybrid car, the percentage is based on a combination of the CO_2 emissions and electric range of the car.

The employer benefits from national insurance contributions (NICs) savings in that they don’t pay class 1 NICs on the foregone salary. Instead, they pay class 1A NICs on the lower benefit-in-kind amount.

VAT on charging

Another tax benefit of EVs (whether it’s a company vehicle or not) is that VAT incurred by companies for charging vehicles can be recovered for business use – if the car is charged at work or at public charging premises.

However, HMRC guidance on employees charging an EV at home is that the employer is not entitled to recover any VAT on the cost of charging for business use. More details at: *https://tinyurl.com/32h3t3fx*

Insurance concerns

While the June 2023 sales of battery-powered EVs in the UK rose 39.4% compared to last year, a government-funded report has warned of increased insurance costs. This is because battery vehicles are more expensive to repair, take longer to fix and are more commonly written off because of damage to their batteries.

Rewriting the script on audio-visual creative tax reliefs

A look at the new system and what it will mean for the UK's animation, film, TV and video games industries.

Against a backdrop of uncertainty in the film and television sector, with ongoing actors and writers strikes bringing much of the industry to a halt, there has been more positive news with the publication of the first draft of proposed new tax credit rules.

The audio-visual expenditure credit (AVEC) will replace the current film, high-end TV, animation and children's TV tax reliefs, while the video games expenditure credit (VGEC) will replace video games tax relief (VGTR).

Under the current schemes, relief is given by way of an additional deduction from profits or surrendering a loss for the tax credit. Under AVEC and VGEC, companies will instead receive an above-the-line tax credit based on qualifying expenditure. This will be taxable at the main rate of corporation tax.

UK reliefs help boost creative sectors

The news is significant because, according to figures published in February 2023 by the British Film Institute, a record £6.3bn was spent on film and high-end television (HETV) production in the UK in 2022 (up 11.1% on 2021).

The credit rate for films, high-end TV and video games will be 34%, while animation and children's TV will receive a rate of 39%. These net down after the corporation tax deduction is applied to 25.5% for film and high-end TV, and 29.25% for animation and children's TV. This compares with the current credit of 25% for all creative industries.

The qualifying criteria for core spend, including the 'used and consumed' definition and other rules for the current audio-visual reliefs, will mostly be carried across into AVEC and VGEC unchanged – as will the 80% cap on UK qualifying expenditure. AVEC also introduces a new minimum slot length for high-end TV programmes of 20 minutes (as opposed to the current 30 minutes) on an episode-by-episode basis, and a definition for documentary programmes.

Steve Joberns, head of Film and TV at Shipleys, commented: "The UK has established itself as a market-leading base for international production with both the incentives and quality of crew and facilities leading to many of the film studios and streamers committing much of their output to the UK.

"The confirmation given by the government to the ongoing support to the industry in the form of the AVEC will enable the UK to continue to be the production base of choice for international production".

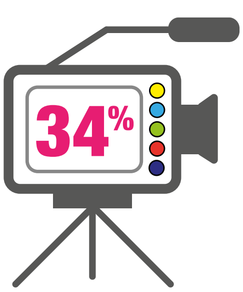
Companies presently claiming for productions under existing tax credit regimes will be able to claim under AVEC in relation to expenditure incurred from 1 January 2024. New productions must be claimed under AVEC from 1 April 2025, and all productions must claim under AVEC from 1 April 2027. The existing tax incentives will cease on 1 April 2027.

Learning curve ahead

Gurvir Cheema, partner in the Film and TV unit at Shipleys said: "The introduction of AVEC is a big step forward for the industry. Inevitably there will be a learning curve to determine the mechanics of the new credit, and there are some aspects of the draft legislation that will need to be reviewed by government before the rules are finalised.

"We will be contacting clients and holding a number of events in the coming months to ensure that our clients within the creative industries can make the best use of the credits available".

Shipleys is recognised as a market leader in providing accountancy, tax and business advice to the film, TV, animation and video games sectors so please contact one of our specialists now.



proposed tax credit rate for films, high-end TV and video games

Act now to ensure a smooth transition to new income tax basis period rules

We examine changes in tax reporting and the preparations businesses can make to cope with possible cashflow challenges.

Unincorporated businesses are now entering their first taxable period under new basis period rules, potentially impacting cash flow for some.

The changes affect the tax reporting for self-employed individuals, partners, trusts and estates with trading income. They involve aligning your basis period with the fiscal year, so profits are taxed within a fiscal tax year regardless of the accounting period.

Due to be implemented in the 2024/25 tax year, with 2023/24 as a transitional year, the transitional taxable period therefore runs from the start of a business's basis period in 2022/23 to 31 March or 5 April 2024.

Businesses that don't have a 31 March or 5 April year end will need to add additional months into the following year's profits and will potentially face tax on up to 23 months' profit in one year.

Cash flow challenges

This new tax basis could mean serious cash flow implications. The government recognises this and has indicated that all existing overlap relief that taxpayers have amassed should be used to help during the transition period – but this may not be enough.

As in our example, while previously profits earned in the period to June 2023 would have tax payments due in January and July 2024 (well after the period they were earned), a business will now be taxed on profits for the year to 5 April 2024 with the same payment dates. So, half the tax is effectively due three months before the period end, and half three months after.

Minimising the impact

Key essentials when preparing for the transition to a new basis period include cash flow projections, plus weighing up increased tax payments and when they will need to be paid.

If you are affected by these changes, get in touch with the Shipleys team.

How it will work

Sole Trader, Mrs X, draws up her trading accounts to 30 June every year and would normally have a tax liability for 2023/24 based on the accounting year ending 30 June 2023. With stable profits of £100,000 a year, the tax due would be around £31,800. This is paid on account in January 2024 and July 2024 – each for £15,900.

As this is the transitional year for these reforms, the actual taxable period would be 1 July 2022 to 31 March 2024, a 21-month period – and therefore £175,000 is taxable. The additional nine months' profit is by default to be spread over the following five tax years, so 2023/24 and the following four years will be taxed at £115,000 profits instead.

This would create a tax charge of £41,100 in each year, so she would have an additional charge of £9,300 in January 2025, and the payment on account instalments would rise to £20,550 for the next five years.

The additional tax paid would be £46,500, and future tax payments are made closer to the profits being made (see cashflow challenges in the section on the left).

However, the accelerated profits can be taxed earlier and, if they are all taxed in 2023/24, the year's tax liability is £70,800. This additional nine months of profit means £39,000 of tax is paid earlier in January 2025.

Note, the level of profit in this second example means spreading the profits results in a total of £46,500 in additional tax being due, rather than the £39,000 noted above, if all paid in the first year. So, in this example, spreading is more expensive and therefore electing to be taxed on more profit earlier could be more advantageous.

HMRC argues that such an individual would have nine months of overlap relief to use from the early periods of trading, and hence only 12 months are really being taxed in the transitional year. If in our example, however, the business made little or no profit in the early years (as many businesses do), there would be no reduction to the above.

VAT corner

Self-service online payment plans

Qualifying businesses who are struggling to pay their VAT bill on time can now set up 'time-to-pay' plans online.

A VAT-registered business can set up its own payment plan online if it:

- has filed its latest VAT return
- owes £20,000 or less
- is within 28 days of the payment deadline
- does not have any other payment plans or debts with HMRC
- plans to pay off its debt within the next six months.

To set up a plan, businesses will need:

- the relevant reference number for the tax it cannot pay, such as its unique tax reference number
- the business bank account details
- details of any previous payments it has missed.

While this is a welcome development given recent HMRC delays, the tight 28 days payment deadline window is likely to be an issue for many businesses looking to benefit from using the service.

Businesses that currently can't use the new online service include those that use the VAT cash accounting or annual accounting schemes and those that make VAT payments on account. There's more on the Shipleys website at *https://tinyurl.com/2p8jhjc2* and the gov.uk website at *https://tinyurl.com/2tswmx58*

Digital publications

HMRC's policy before 1 May 2020 of charging standard-rated VAT for digital newspapers was confirmed as correct by the UK Supreme Court earlier this year. The court's decision brought an end to News Corp UK and Ireland Ltd's legal challenge, which claimed it shouldn't have had to pay VAT for digital publications.

Digital newspapers were standard-rated until 1 May 2020, when a new zero VAT rate for supplies of certain e-publications was introduced. More detail on the gov.uk website at *https://tinyurl.com/2nvtuder*

Medical services at pharmacies

A reminder for pharmacies and pharmacists that medical services carried out by non-registered staff and directly supervised by pharmacists have been exempt from VAT since 1 May this year. See the gov.uk website at *https://tinyurl.com/yb5drmks*

Mind your own business

Winning the war for talent

While higher unemployment and fewer job vacancies may suggest the war for talent could be easing slightly, many businesses are still facing big recruitment challenges.

At a recent Shipleys Business Club, we discussed how employers can respond. Here's a quick summary of our members' views. Businesses should:

- recognise that employers need to impress prospective employees more than vice versa
- ensure they express clear company values, and be seen to live by them
- be clear on the skills and behaviours they're looking for
- create an environment where employees enjoy their work
- communicate with employees on their performance and progress
- provide incentives that flex to employees' different motivations
- accept flexible working is expected to be the norm.

When recruiting to enhance business performance, members suggested it would be useful if job candidates left education with skills and qualities such as:

- personal drive and independence
- a positive working attitude
- financial and commercial awareness
- social skills and awareness.

Finally, our members felt the government needed to do more to enable employment to boost economic growth. In particular many wanted apprenticeship programmes to bring clearer benefits to both apprentices and businesses. Other government support ideas proposed included:

- financial incentives for recruiting the unemployed
- widening retraining schemes to upskill people for different sectors
- rethinking immigration visas for sectors struggling to recruit.

More detail at
https://tinyurl.com/3rk6zk5m
To join future Business Club events, email lopeza@shipleys.com

Protection against the cost of tax enquiries

A reminder that, for a modest annual charge, our tax investigations service gives you peace of mind that, in the event of an HMRC enquiry, you're protected against the professional costs associated with our support.

Tax investigations can happen to any individual or business, regardless of how good your records are, and some are simply random.

It's worth noting that tax enquiries are taking more time to deal with and becoming more costly as a result – but the cost of not defending enquiries properly can be huge.

More information and support from Shipleys at: *https://tinyurl.com/45hyemwd*

Pension contributions and tax relief – all you need to know

Changes introduced this year will affect how much can be paid into pension schemes free of tax. Here's a summary of the current rules and what they mean.

Despite the headline-grabbing changes brought in by the latest Finance Act, it's important to remember that the absolute maximum level for which you get tax breaks on pension payments is restricted to your 'relevant UK earnings' taxable in the year.

In broad terms, relevant UK earnings includes employment and self-employment income, plus any income from furnished holiday letting and some patents. It doesn't, however, include investment income.

Annual allowance change
The decision to raise the annual allowance – the yearly limit on total pension inputs before tax is charged – to £60,000 from 2023/24 was one of the recent changes that raised eyebrows. However, here are some other key things to know about your annual allowance:

- Total pension inputs include personal and employer contributions to defined contribution or 'money-purchase' schemes, and growth in defined benefit or 'final salary' schemes.
- Payments that exceed your allowance will be taxed at your marginal income tax rate.
- Any unused amount of your allowance can be carried forward for up to three years.
- If you've already started drawing your pension, the annual allowance is reduced from £60,000 to £10,000.
- If your 'adjusted income' (your total income before pension contributions plus employer contributions) is more than £260,000 for the tax year, the allowance is cut by £1 for every £2 that adjusted income exceeds £260,000, tapering to a £10,000 minimum. If your 'threshold income' (total income excluding pension contributions) is no more than £200,000 you will not suffer the reduction.

Excess contributions
There is no limit to how much you can contribute to a pension scheme, but if you make contributions to a money purchase scheme, or your final salary scheme increases to more than the annual allowance, you should include the excess amount on your self-assessment tax return. This means you will face an income tax charge at your marginal rate.

If the tax charge is more than £2,000, you can elect for your pension scheme to pay the charge on your behalf. This may however result in a reduction to your pension at retirement.

Lifetime allowance RIP
The ending of the lifetime allowance from 2023/24 also got plenty of attention, but it's worth remembering that a change of government could see a reversal of this decision.

Although the lifetime allowance is being abolished, the maximum tax-free lump sum you can take is frozen at 25% of the last lifetime allowance in force (£1,073,100), which means £268,275.

From 6 April 2023, the tax rate for any of the following changed from 55% to the individual's marginal income tax rate (20%, 40% or 45%):

- lifetime allowance excess lump sums
- serious ill-health lump sums
- defined benefits lump sum death benefits and
- uncrystallised fund lump sum death benefits above the lifetime allowance.

If you have enhanced or fixed protection (available when the lifetime allowance was reduced in previous years) with a certificate or reference number received before 15 March 2023, you can have a 'protection cessation event' and not lose your higher tax-free cash.

If you would like advice, please speak to your usual Shipleys contact. There's more information on the Shipleys website at: *https://tinyurl.com/yf2fbv6t*

High-income earners

Tax relief at 60% (63% if Scottish tax rates apply) is available on pension contributions if your income is between £100,000 and £125,140.

This is because the personal allowance is then tapered, so you are paying 40% tax on the lost allowance as well as 40% tax on the income.

Be aware that the personal allowance disappears altogether when your income reaches £125,140. Pension contributions reduce your adjusted income, so personal allowances would be reinstated if your contributions can reduce that to £100,000 or less.

If a salary sacrifice arrangement is in place, the tax relief rises to 67% (70% if Scottish rates apply).

Client profile: Jerry Ranger

Generating power for the great outdoors

Jerry Ranger talks about the impressive portable power-generating product he launched this year, and what it takes to be an innovative entrepreneur.

Learn more about Jerry on his LinkedIn page at
https://tinyurl.com/4hha33y7
www.texpower.co.uk

Jerry Ranger is an expert at creating portable power-generating products for everyday emergency situations, and also for extreme outdoor activities in locations from jungles to the Arctic. Over the past 20 years, his passion for invention has seen him start a number of companies dedicated to creating innovative products for the outdoor market.

During his career, Jerry has put his talents to developing a backpack airbag for protecting skiers in avalanches, designed Flymo's familiar signature round orange plug, and delivered power-related solutions for global brands. Jerry's latest creation is the TP247, a powerful hand crank emergency power generator to charge up mobile and satellite phones, head torches and other vital outdoor equipment.

It's been brought to market by Texpower Ltd, the UK-based company Jerry set up specifically to design, develop and deliver the product. For the initial production run of 20,000 units, the TP247 is being promoted through the *www.texpower.co.uk* website and distributed through a network of outdoor specialist partners in the US, UK, Germany, the Netherlands, France and Switzerland.

As Chief Technical Officer (CTO) of Texpower, he is also working with the University of Portsmouth to develop a portable hydrogen fuel cell cooker with 'on the go' gas generation technology using electrolysis powered by the TP247 and portable wind turbines.

Powered by passion

Entrepreneur Jerry is currently also CTO for Singapore-based Texenergy, a company specialising in wind-driven, power-generating equipment that he founded in 2016 and subsequently sold.

Until 2015 he was CEO of UK-headquartered Powertraveller Ltd, the company he created to design portable powerbanks for outdoor activities, aid agencies and global travellers, and previously developed a wide range of products for his first company, IDC Plugs.

His passion for creating hi-tech solutions to support outdoor activities comes from a youthful fascination with engineering, science and physics, encouraged by his family and his experience as a diver in the Royal Marines in the 1980s, a highly technical and challenging job.

He says: "In the military you need mental agility and innovation to get you and your team out of trouble. I've always loved the challenge of finding a solution to a problem and then making it happen – for me, it's an exciting journey.

"Generating power in hostile environments is potentially life-saving. It can provide light and heat and support communications for adventurers, the displaced and those struggling to live in war zones and disaster areas."

Foundations of success

Jerry attributes part of his success to having developed strong business partnerships in China. Building reliable links with manufacturers enables him to quickly and cost-effectively develop products from concept to market with full international approvals.

Creating physical product prototypes has been crucial, giving prospective customers something tangible and demonstrable to buy into.

Having the right approach mentally, and realistic expectations of the challenges ahead, is critical. "When you start you're on a journey you'll inevitably hit obstacles. It's like climbing a mountain – you reach an impassable point and you just have to climb down, step back and find a way round."

Sound advice

Jerry advises would-be product designers that passion and a desire to create, combined with enthusiasm, drive and determination, are the primary qualities for success. "Direct your energy carefully. Do your research to ensure there's actually a problem your idea will solve, and don't expect others to make things happen."

He continues: "Invest carefully, but don't let fears about money hold you back – there are many ways of getting financial support, so get good advice on that. As the political activist Jesse Jackson puts it: 'If my mind can conceive it, and my heart can believe it, I know I can achieve it.' That's great advice and chimes with me."

How Shipleys helps

Shipleys has been supporting Jerry for more than 20 years, primarily working on the accounts and providing advice to ensure the smooth running of his businesses. "They've held my hand throughout and I've found their support invaluable," he says. "I've got a great team in my corner, and we've worked through booms and busts – it's been good to have someone behind me when times were tough."

Congratulations to our new principals

Peter Conneely

Mark Richardson

We are delighted to announce that Peter Conneely and Mark Richardson were promoted from directors to principals on 1 August.

Based in our Godalming office, Peter joined Shipleys in 2015 from a professional services firm where he was head of the accounts department.

At Shipleys, Peter looks after a wide range of clients, including owner-managed businesses, TV and film productions, charities and AIM-listed groups. He helps them with accounting, audit and business tax planning. Peter also specialises in solicitor practices and their SRA compliance.

Mark is based in our London office and joined Shipleys in 1998. Since qualifying with the firm in 2002, he gained several promotions, becoming a director in 2017.

Mark also manages a varied portfolio of clients requiring audit and accounting compliance. He supports businesses across a diverse range of sectors, including retail, professional and financial services, media and entertainment.

In addition to these promotions, we are pleased to announce that Marcin Bakowski and Joe Sylvester were promoted to assistant audit managers on 1 May.

Congratulations to all our promotees, and we wish you well in your new roles.

Rockin' all over the world

On 1 May, Simon Robinson, former Managing Principal, retired. Since joining Shipleys 34 years ago, Simon has been instrumental in the firm's development and success.

In 2015 he became Managing Principal and carefully guided the firm through organic and acquisitive growth over the next six years. Simon was also at the helm when, like many businesses, Shipleys had to navigate suddenly the unforeseen challenges of the pandemic.

We are immensely grateful for everything Simon has done. His passion for the Shipleys commitment to doing the best for its staff and clients is infectious. With his help, the firm became a great place to work with and in, and one where opportunities are boundless.

While Simon will still be supporting Shipleys in a consulting capacity, his retirement means he can finally work through a long list of exciting travel destinations and sporting fixtures. We wish him wonderful travels, fun and a well-earned rest.

Thank you, Simon.

Time flies

This September sees another Shipleys legend retire. Facilities Manager, Mick Jones, is leaving after 40 years at the firm!

Mick joined Shipleys as a print and stationery buyer when we were at Regent Street and became a facilities manager after the firm moved to Orange Street.

He has been instrumental in introducing some popular aspects of Shipleys life. Mick formed the social committee (albeit with him as sole member initially), which soon grew to the large team who organise our popular staff events. He also initiated the staff tuck shop, which has raised over £7,500 for charity.

Mick says he's valued the support Shipleys gives to staff. Over the years, he's enjoyed watching colleagues progress from trainees to principals. We thank Mick for 40 years of service and wish him a very happy retirement.

In memoriam

With deepest sadness, we announce the passing of our colleague Mark Wadsworth following an illness. Mark joined Shipleys in the early 2000s and contributed greatly to the tax support we give clients. Specialising in corporate and business tax matters, he helped many businesses and individuals.

Mark was highly regarded and is sorely missed by all his colleagues – particularly his great sense of humour. Our thoughts and sympathies are with his family.

JP Morgan Challenge

In the summer, a team from Shipleys successfully completed the annual JP Morgan Challenge 5.6km run, which takes place in cities across the globe.

HMRC hones in on target groups

Targeted groups of people are being sent letters by HMRC to help them understand their potential obligations around tax liabilities.

Persons of significant control
Among those being written to are persons of significant control (PSC) registered at Companies House in the UK who declared income of less than £100,000 on their 2021/22 tax return, or who haven't submitted a tax return.

The HMRC letter asks PSCs to check their 2021/22 tax return for any benefits or gains which should have been declared, such as:

- use of business assets
- transfer of business assets to or from the company
- loans from the company
- share options
- disposal of shares in the company.

If a correction to the 2021/22 tax return is required, the PSC has until 31 January 2024 to amend it.

Paradise Papers
HMRC is also contacting UK residents named in the so-called Paradise Papers. These were electronic documents published on the internet that gave information regarding offshore companies.

They will be asked if they've declared their involvement with the offshore company and whether they've also reported the appropriate connected benefits, income or gains in their tax return.

Common Reporting Standard
Similarly, letters are being sent to UK residents with offshore interests that are brought to the attention of HMRC by the Common Reporting Standard (CRS). This is the exchange of information between countries about people who are taxable in other jurisdictions.

Once again, those concerned will be asked if they've declared appropriate benefits and gains in their tax return.

If you think you have not paid the correct amount of tax, it's advisable to contact HMRC before waiting for a letter. This can have an impact on any penalties you might have to pay.

If you would like guidance on this topic, please speak to your usual Shipleys contact. You can learn about making a voluntary tax disclosure to HMRC on the gov.uk website at https://tinyurl.com/22979hkv

Tax relief withdrawn for EU and EEA charity donations

Arrangements in wills to make donations to charities and community amateur sports clubs registered in the European Union (EU) and European Economic Area (EEA) should be reviewed following news that these gifts will no longer be eligible for UK charitable tax reliefs.

The change means such charitable legacies do not qualify for relief from inheritance tax, potentially leaving unwanted surprises for loved ones if wills are not updated.

The new rules apply to lifetime giving as well – although UK charities spending money and working overseas still qualify for relief.

Self-assessment threshold rises to £150,000

Starting from the tax year 2023/24, the self-assessment threshold (if you are taxed only through PAYE) will increase from £100,000 to £150,000.

The 2022/23 threshold remains at £100,000. You will, however, receive a self-assessment exit letter from HMRC if your 2022/23 return shows:

- income between £100,000 and £150,000 taxed through PAYE, and
- you do not meet any of the other criteria for submitting a self-assessment return.

You still need to submit a tax return if you meet one of the other criteria, for example:

- are in receipt of untaxed income
- are a partner in a business partnership
- have liability to the High-Income Child Benefit Charge
- are a self-employed individual with gross income of over £1,000.

Deadline for state pension NI top-ups extended

There's now more time for people to opt to fill any gaps in their National Insurance (NI) record, stretching back to April 2006, for the state pension.

Taxpayers have until 5 April 2025 to consider whether voluntary NI contributions are right for them. These payments won't always increase your state pension so it's important to get advice before starting the process. There's more on this topic on the Shipleys website at *https://tinyurl.com/2zucnfvw*

You can find out how to check your NI record, make an NI payment and get a state pension forecast on the gov.uk website at *https://tinyurl.com/3jbu883n*

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