

Five ways to manage your energy costs

At this time of rapidly escalating price rises in the energy sector worldwide, it's sensible to look for ways to save on heating and power bills in your home or business. Doing so can also help you reduce your carbon footprint by making your home or office more energy efficient.

Spring Statement announcement – VAT reduced from 5% to 0% on energy saving materials

Here are our top five suggestions:

- 1** Choose equipment and appliances that are better for the environment. When replacing appliances in the home or office choose high EU energy-efficiency rating models to cut electricity bills. Most business expenditure on energy efficient equipment will qualify for full tax relief under the Annual Investment Allowance (AIA). The AIA covers up to £1m of expenditure per annum until April 2023, when it is expected to reduce to £200,000, subject to change in the Autumn Budget.
- 2** Take a critical look at your property's standard of insulation. Check if your loft or cavity walls have insulation that is thick enough. In many buildings, up to a quarter of the heat can be escaping through the roof, but you can cut this dramatically – and save money – by installing mineral wool under the ceiling. Millions of homes in the UK also have a gap between their internal and external walls. Using cavity wall insulation keeps warm air in and cold air out. You can also reduce heat loss through windows by replacing single-glazed panes with double glazing and installing draught-proofing strips around the frame. Consider other draught proofing. Use an inflatable pillow to block chimneys or fit a cap over the chimney pot. Use a flexible silicone-based filler to seal the gaps in floorboards to allow for movement. For loft hatches, use draught-proofing foam strips.
- 3** Replace light bulbs. LED light bulbs last longer than traditional ones and use less energy. Remembering to switch off lights in rooms that are not in use is always a good idea too. Businesses can claim tax relief for new lighting fixtures through Capital Allowances.
- 4** Continually review your energy bills both at home and in the office. Shop around for the best deal or use a specialist cost-saving firm such as ERA UK. Remember, the situation must be bad to prompt the government to offer households up to £350 in cash to help with energy bills as they did this year. The Chancellor's announcement of a £9 billion state-backed loan facility followed regulator Ofgem lifting the energy price cap, likely to add around £700 to the average household bill. Specific schemes and grants that can help include the Warm Home Discount under which £140 can be made available mainly to pensioners and benefit recipients, and the Winter Fuel Payment, amounting to between £100 and £300 per winter for those born before 26 September 1955.
- 5** Choose a new boiler. Replacing an old, inefficient gas boiler with a modern energy-efficient alternative will make a big difference to your heating bill. You may be able to apply for a heat pump grant of £5,000 under the government's £3.9 billion plan to reduce carbon emissions from homes and other buildings. The plan specifically includes subsidies to homeowners from April 2022 to help them replace old gas boilers with low carbon heat pumps. It is hoped no new gas boilers will be sold after 2035.

For more information on how you can manage claim allowances on your energy efficient assets, please talk to Alan Rolfe 023 8046 1235
alan.rolfe@hwb-accountants.com

Key dates and deadlines

Second interim Income Tax payment	31 July 2022
Final balancing Income Tax payment	31 January 2023
Capital Gains Tax payment	31 January 2023
Corporation Tax is due 9 months and 1 day after the end of accounting period (or by quarterly instalments if large company).	
Issue P60s to employees	31 May 2022
Forms P9D, P11D and P11D(b) – and appropriate copies to employees	06 July 2022
Self-Assessment Tax Return – paper version	31 October 2022
Self-Assessment Tax Return – online version	31 January 2023

Subsidiary audit exemption

As a result of Brexit, to take subsidiary audit exemption under section 479A of the Companies Act 2006, for accounting periods commencing on or after 1 January 2021, the parent company providing the related guarantee must now be established in the UK.

Any subsidiaries that currently rely on a guarantee provided by an overseas parent located in the EEA are no longer able to do so.

Contact Gary Brown
023 8046 1240
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Rent-a-room relief



The rent-a-room scheme is designed to help homeowners who rent a room in their home. If you earn less than £7,500 per tax year from letting rooms in your only or main home to lodgers, this income is tax free, providing you also occupy the property at the same time. The tax exemption is automatic and there are no specific tax reporting requirements.

If you did not claim this relief then you would pay tax at 20%, 40% or 45% on the rental income (depending on your taxable income level).

The relief only applies to the letting of furnished accommodation and is used when a bedroom is rented out to a lodger by a homeowner. The limit is reduced by half (£3,750 each) if somebody else receives rental income from the same property.

The rent-a-room limit includes any amounts received for meals, goods and services provided, such as cleaning or laundry. If gross receipts are more than the limit, taxpayers can choose to be assessed on this income between the following:

- ☐ Paying tax on the actual profit (gross rents minus actual expenses and capital allowances)
- ☐ The gross receipts (and any balancing charges) minus the rent-a-room allowance – with no deduction for expenses or capital allowances.

Joe Wilson 023 8046 1237
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Sign up for our HMRC tax enquiry fee protection service

It is possible that HMRC could open an enquiry into your tax affairs for numerous reasons. These are not always linked to having incorrect tax returns. Our service covers all professional fees for responding and resolving the enquiry.



Due to the anticipated increase in HMRC enquiries, for things such as CJRS claims, SEISS and other Covid relief claims, we have chosen to freeze our fee for this service. Our aim is to have as many clients covered as possible to protect you from unnecessary costs.

Our tax enquiry fee protection service offers £100,000 of cover per claim and business policies have the added benefit of covering the personal self-assessment tax return of directors or partners, directors' or partners' spouses and company secretaries, where we are the registered tax agent.

Contact James Alesbury 023 8046 1222
james.alesbury@hwb-accountants.com

Hospitality VAT back to 20%

A change in the VAT rate on hospitality on 1 April 2022 sees it revert back to its pre-pandemic rate of 20%.

Contact Alan Rolfe
023 8046 1235
alan.rolfe@hwb-accountants.com



Overcoming pitfalls of payroll compliance

PAYROLL

Due to HMRC ramping up PAYE enquiries again and to counteract the increasing pitfalls of payroll compliance, we would like to remind our clients and contacts about HWB's payroll review service.

As part of this service, we complete the following reviews of your existing payroll:

- ☐ **Completeness of personnel records within payroll**
- ☐ **PAYE details with payroll software**
- ☐ **Payroll process information**
- ☐ **Tax and National Insurance calculations**
- ☐ **Personnel details compliance**
- ☐ **Statutory calculations**
- ☐ **Salary sacrifice (within payroll only)**
- ☐ **Employment allowance**
- ☐ **Apprenticeship levy calculations**
- ☐ **Payrolled benefits in kind**
- ☐ **Wages journals**
- ☐ **Pension setup (excluding LGPS & TPS)**
- ☐ **Auto enrolment compliance**
- ☐ **Pension calculations**

The review is completed by our Payroll Director, James Alesbury, who has more than 20 years' experience in payroll and is well placed to offer his expertise in this critical business area.

Depending on the software you are using, this can sometimes be completed remotely but in order for us to better understand your organisation and enable us to ask questions we suggest an onsite meeting would be more beneficial.

Following our onsite review, we would provide you with details of our findings and recommendations for any actions which are required. Our fee for this valuable service will be quoted in advance. Contact us for a no-obligation chat with James.

James Alesbury
023 8046 1222
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Maintaining small audit standards

The smaller audit market is facing a challenge as the number of firms available to perform small audits is slowly shrinking, with audit work and bureaucracy increasing disproportionately.

The International Auditing and Assurance Standards Board (IAASB) has an opportunity to address the increasing complexity of an audit and move away from using standards that fit all entities regardless of size or complexity.

Its exposure draft of a standard for less complex entity (LCE) audits provides some much-needed clarity, removing LCEs from increasingly complex auditing standards, primarily designed for larger entities that are difficult to apply to LCEs.

Work needs to be done on the standard to make it fit for purpose and to get regulators on board. The ICAEW is urging IAASB to move forward and finalise the standard as soon as possible, to allow jurisdictions most in need of it to adopt it immediately, and to prevent the fragmentation of IAASB's hard-won global consensus on auditing standards.

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Trusts need to be registered

A Trust is a way of managing assets (money, investments, land or buildings) for people. There are different types of trusts and they are taxed differently.

Previously, only Trusts with tax liabilities had to be registered with HMRC, but more Trusts will now need to do so via the Trust Registration Service, irrespective of tax liability, due to changes in Government legislation.

Relevant existing Trusts must register by 1 September 2022 or face potential HMRC fines. Trustees will also need to update the online register with future changes, including if the Trust closes.

Trustees are responsible for registration which can be done using the HMRC portal: www.gov.uk/guidance/manage-your-trusts-registration-service or contact **Matthew Magee 023 8046 1207** matthew.magee@hwb-accountants.com

Capital Gains Tax: 60-day rule update



From 27 October 2021, anyone making a taxable gain from the sale of UK residential property has had to report it to HMRC and pay the tax owed within 60 days of the completion date. This is done by creating a Capital Gains Tax on UK Property Account online with HMRC. The disposal will also need to be reported on the Self-Assessment Tax Return where any tax already paid will be credited in the tax computation. It is also important to account for the Capital Gains Tax in any property that is being sold or transferred as part of a divorce settlement.

For tax planning advice and assistance with this new reporting regime, contact **Martin Back 023 8046 1232** martin.back@hwb-accountants.com

Experience the difference

Lyndon & Charlotte clock up 10 years' service

Ten years' service clocked up by Lyndon Howes and Charlotte Kretzer at HWB has been celebrated by colleagues.

Service Charge Manager Charlotte joined the firm as an apprentice and has since completed her AAT and ACA qualifications and was promoted as a result.

When Lyndon joined HWB, his time was divided between working in the tax department and in payroll. Ten years on, he is now a Tax Senior and enjoying his diverse client base. HWB Managing Director Geoff Rhodes said: **"Both Lyndon and Charlotte are valued members of the team and it has been gratifying to see them develop during their time here."**



Meet new Director Andrew



Long-serving Andrew Kershaw, who has 20 years' career experience in accountancy, has been made a Director of HWB.

A fellow of the Association of Chartered Certified Accountants (ACCA), he has become HWB's 10th director.

Andrew, who trained with Smith Acreman in Southampton, joined HWB in 2004 when the two firms merged.

He acts for small and medium-sized entities and his specialisms include creative agencies and the property and the healthcare sectors, particularly dentists.

In recent years Andrew has headed HWB's online accounting programme, helping businesses' transition to online software such as Xero or FreeAgent to help manage their finances as efficiently as possible and to comply with the Government's Making Tax Digital regulations.

Andrew also advises many start-ups and has produced a number of instructional videos to help new businesses in their early stages.

We're backing Wessex Cancer Trust



Wessex Cancer Trust (WCT), based like us in Chandlers Ford, is the HWB charity of 2022 and we have a calendar of activities lined up to benefit the Trust through fundraising, volunteering and raising awareness.

Events to raise vital funds include sponsored walks, runs, cake sales, quizzes, networking and corporate occasions.

WCT has four cancer support centres and offers a drop-in service, professional counselling, complementary therapies, activities, support groups and courses, as well as providing hospital transport and running choirs.

HWB Associate Director James Flood is running the London Marathon in October to support the cause. See: <https://www.justgiving.com/fundraising/hwb-accountants1>

HWB seminars designed for you

We will continue to hold regular webinar and seminar events throughout 2022. You can register online via our website: www.hwb-accountants.com/events
Forthcoming events include:

Business Succession – Exit Planning Strategies. HWB Associate Director Gemma Hedges will look at the different ways in which a business can prepare

for the future by covering the options for business succession – 22 June 2022, 8am-10am, Axis Conference Centre, University of Southampton Science Park

Academy Forum with the HWB team presenting. Our regular event, open to all academies in the area to discuss key topics in the sector – 6 July 2022, 12pm-2.30pm, location Thornden School



Chair of Trustee / Chair of Finance Committee online training. Annual update for academy schools with HWB Directors Michaela Johns and Gary Brown - 14 September 2022, 6pm-8pm

If you've missed any of our previous events, you can catch up via our YouTube channel, where there are also some useful guide videos: <https://www.youtube.com/c/Hwb-accountants>