

# hwbbulletin



Chartered Accountants  
Business & Tax Advisers

## Your simple solution to auto enrolment

Automatic enrolment is a dramatic change in workplace pensions and is causing concern for many small and medium sized businesses. One thing is certain, it cannot be ignored. The Pension Regulator is already issuing notices for non-compliance resulting in fines and penalties.

Our specialist payroll team has responded to client requests for support and put together a simple, bespoke solution to the onerous obligations of auto enrolment.

Our solution is not only affordable and compliant, it removes the administrative burden, leaving you to concentrate on what you do best – running your business.

For further information on how we can support your business:

James Alesbury  
023 8046 1222

[autoenrolment@hwb-accountants.com](mailto:autoenrolment@hwb-accountants.com)



James Alesbury



## Tax on dividends for businesses

The announcement about the taxation of dividends has significant impact for the owner-managers of businesses from 6 April 2016.

Dividends will no longer get a 10% tax credit, so will no longer be 'grossed up' meaning that the dividend received will be the taxable amount.

There will be a new £5,000 'dividend allowance'. This means there is no tax on the first £5,000 of dividend income, but this does not stop the first £5,000 of dividends from using part of the basic rate band.

The rates of tax on dividends have been increased to 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers. These are all an increase on the current rates.

Other new savings tax allowances cannot be used to cover dividend income so

the new £5,000 savings 0% rate band introduced in April 2015 is not available against dividend income.

Similarly, the new personal savings allowance of £1,000 for basic rate taxpayers and £500 for higher rate taxpayers, to be introduced in April 2016, will not be available against dividends - it will be restricted to interest-type income only.

Owner-managers who think they may be affected can contact tax specialist Alan Rolfe or their dedicated HWB director to discuss their tax position.

For further information:

Alan Rolfe

023 8046 1235

[alan.rolfe@hwb-accountants.com](mailto:alan.rolfe@hwb-accountants.com)



Alan Rolfe



## Tax...Taxi!

If you want to grab a cab, make it the HWB branded cab!

Our new brand livery has made it to a Southampton taxi. If you catch a ride in it, make sure you give the driver your business card for a chance to **win a bottle of HWBubbly.**



## New holiday pay rules

Employers may need to account for overtime when calculating holiday pay from 1 May 2015.



Scan the QR code or visit our website to read more.



## Reasonable excuse for late filing of your tax return

The dog ate my tax return is not a reasonable excuse but...

...it has been announced that HMRC will not contest appeals against the £100 penalty for filing your 2013/14 tax return if you have a 'reasonable excuse'.



Scan the QR code or visit our website to read more.



## Company car advisory fuel rates

Fuel rates from 1 September can be viewed here.



Scan the QR code or visit our website to read more.



## Buying a business - no relief for goodwill

For more than a decade when a limited company acquires another business it has benefited from tax relief on goodwill and other intangible assets. This is no longer the case.



Scan the QR code or visit our website to read more.



# Landlord's alerts

Two changes in the summer Budget have implications for landlords:

### LANDLORD ALERT 1

#### When to refurb

It looks likely that the 'wear and tear' allowance of 10% of the rent for fully furnished residential property will be abolished on 6 April 2016.

As part of the plan the Government is looking to introduce the right to claim the full cost of replacement furniture, furnishings, appliances and kitchenware. This is also likely to extend to the landlords of partially furnished properties, although not furnished holiday lettings.

It makes sense for landlords of residential property to consider deferring renovation and refurbishment expenditure until after 5 April 2016 before incurring significant expenditure on replacement goods.

For further information:

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



Alan Rolfe

### LANDLORD ALERT 2

#### How to structure ownership of property

Following the proposed phased abolition of tax relief for loan interest on residential properties falling into the higher or additional rate of Income Tax, landlords should review how they structure their ownership.

"It may be that the best way to hold a residential property for many landlords is through a company now," explains tax director, Tracy Jenkins. "Although this change is only being gradually phased in from April 2017, the time for planning is now."

For further information:

Tracy Jenkins  
023 8046 1202  
tracy.jenkins@hwb-accountants.com



Tracy Jenkins



# Action on offshore tax evasion

The Chancellor's Budget announcement to clamp down on offshore tax evasion has reaffirmed the Government's position to put the issue high on its tax agenda.

In a surprise move, the current HMRC offshore disclosure facilities will now end early.

The Liechtenstein Disclosure Facility that allows people to make voluntary declarations of relevant offshore investments, and agree settlements with HMRC on favourable terms, will come to an end on December 31. If either individuals or companies have not disclosed information under the facility they may face harsher penalties and criminal investigations, plus have their names published.

In addition HMRC is looking to introduce a new 'strict liability offence' to be effective for 2015/16. Basically, it will mean that anyone who has any undeclared offshore income, gains or assets will be automatically 'guilty' of tax evasion and there will be no need for HMRC to prove fraud. From April 2016, new penalties of up to 200% of evaded tax may be applied.

The aim of the new strategy is to make sure that UK taxpayers cannot hide their income

and assets in any other jurisdiction.

Evading UK tax includes:

- Moving UK income, gains or assets offshore to conceal them.
- Not declaring overseas income and gains.
- Individuals and companies who facilitate tax evasion will also be penalised.

If you act now with professional advice, HMRC has the discretion to reduce penalties – depending on the taxpayer's co-operation. However, the 'strict liability' rule may be backdated to April 2015 and therefore disclosures should be made before HMRC discover any tax evasion itself.

For further advice or more information:  
Tracy Jenkins  
023 8046 1202  
tracy.jenkins@hwb-accountants.com



Tracy Jenkins

## Changes in reporting for smaller businesses

**From January 1 2016 there will be significant changes in accounting requirements for businesses falling within the definition of 'small' or 'micro' companies.**

### Small Companies

- Annual accounts will comprise a balance sheet, profit and loss account and a reduced number of notes.
- Accounting treatments of certain items will change, which may affect profits and tax thereon and require changes to the comparative figures shown in the accounts.
- Abbreviated accounts will no longer be allowed. If a small company obtains the consent of all of its shareholders each year, it may prepare abridged accounts instead of full accounts. The company need not file the director's report or profit and loss account at Companies House, regardless of whether full or abridged accounts are prepared.

### Micro Companies

- Micro companies can choose to either prepare annual accounts as for Small Companies or adopt Financial Reporting Standard 105 which simplifies reporting requirements.
- Micro accounts comprise a directors report, a profit and loss account and a simpler balance sheet. Other than limited information disclosed at the foot of the balance sheet (loan to directors, guarantees and charges, contingent liabilities and capital / other commitments) there is no requirement for any other notes to the accounts. The directors report and profit and loss account do not need to be filed at Companies House.

"Reduced accounts disclosure is good news, however, some changes to accounting treatments of certain items could have adverse effects in terms of profits and tax," says David Brookes.

Each company will have different considerations and if this affects you, we will contact you to explain in more detail.

For further information:  
David Brookes  
023 8046 1239  
david.brookes@hwb-accountants.com



David Brookes

## Protection for HMRC investigation costs

HMRC investigations are taking an average of three months to complete and there's never a good time for an investigation to land out of the blue. They are onerous and costly.

You or your business do not have to do anything wrong for an investigation to be opened and professional fees are inevitable, with some investigations costing thousands.

But for less than £20 per month for a limited company, you can cover

our professional fees to handle an investigation on your behalf, with no concern for the time needed to resolve the enquiry.

While we look after HMRC, you can look after your business!

For further information:  
James Alesbury  
023 8046 1222  
james.alesbury@hwb-accountants.com



James Alesbury

We are not authorised under the Financial Services and Marketing Act 2000 but, in certain circumstances we are able to offer a limited range of investment services because we are ICAEW members. We can provide investment services if they are an incidental part of the professional services we have been engaged to provide.





## Driving business forward

Next time you visit our offices, look out for our complimentary car washer.

At HWB, we are always looking to differentiate ourselves from our competitors and deliver exceptional service.

Mike Colman, Director from Bluebox Medical Limited and HWB client, said: "Offering a complimentary car wash while I attended a meeting is a stunning example of a company going that extra mile to look after and reward their loyal customers. Well done HWB!"



## 30th anniversary

2015 is HWB's 30th anniversary! July saw our 50-strong team head off to a special team celebration complete with bubbly - and of course cake!

## Race for Life



## Making a difference

Congratulations to our team for completing the Race for Life 10km event in Southampton this summer, they did everyone at HWB proud and raised over £500 for Cancer Research!

Team captain, Jo Anderson said: "This event raised money for a cause which is close to all of our hearts. Many people have relatives and friends who have been affected by cancer."

She added: "At HWB we have a full calendar of charity fundraising events

and we all wanted to play our part in the Race for Life run. Some of us walked and others ran – it was just important that we all took part."

The rest of the team included Sue Ewens, Julia Bates, Huyen Jones, Alison Kenworthy, Jenny Cull, Neelam Bhakar and Charlotte Kretzer.

A big well done to everyone who took part and thank you to all who donated to this great cause.

The HWB Race Team



## Inwards and upwards

We're thrilled to welcome five talented new additions to our team! Ben Hughes and graduate Ki Simpson have joined us as Trainee Accountants as well as Jack Lawson, a university sandwich year graduate.

John McMahon has taken the helm as Payroll Administrator and Paula Kerry as Management Accountant.

We're also pleased to announce Alison Kenworthy has passed her final ICAEW exams.



Good luck to Matt Cooper, Charlotte Kretzer, Jenny Cull, Lauren Whitlock, Brad Evans and Neelam Bhakar who are well on their way to completing their qualifications.

To make it easier for new staff members to get to know everyone, we've introduced table tennis in the office! It's a fun way to break the ice and has become a popular addition!

## Minimum wage rises in October and April

From October 2015, the national minimum wage rate for those aged 21 and over rose to £6.70 per hour, or a salary of £13,065 for a 37.5 hour week.

In April 2016 the national living wage for over 25s will be introduced of £7.20 per hour (£13,140 per annum).



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Experience the difference