

## Budget overview

As the dust settles on the Chancellor's Budget announcements, Tracy Jenkins takes a look at the measures and sentiment which most affect businesses in our region.

"This was a broadly positive Budget with the small and medium business in particular coming out well. In reality that was no great surprise.

"This Budget comes in an uncertain political and economic climate – not least the looming Brexit vote, the reduction in growth forecasts and 'storm clouds' on the global economy. Osborne is renowned as a political Chancellor and it's safe to say he would have been reluctant to introduce a run of unpopular measures at this carefully balanced point.



## Dividend vs Salary

An overhaul on taxing dividends took effect on 6 April with implications for business owners:

- The 10% dividend tax credit has been abolished.
- Individuals now have an annual tax-free dividend allowance of £5,000. This allowance will not reduce total income for tax purposes and will only apply to dividend income.
- Dividend income exceeding the annual allowance is taxed according to an individual's income tax band. Basic rate taxpayers will pay 7.5%, higher rate taxpayers will pay 32.5%, and additional rate taxpayers will pay 38.1%.
- No tax will be deducted at source; it will be paid through self-assessment.
- The £1,000 savings allowance (£500 for higher rate tax payers) which came into effect on 6 April excludes dividend income.

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BUDGET

## So what were the most important business measures?

- A key announcement for local businesses was the reduction in small business rate relief which has more than doubled. Six thousand small businesses will pay no rates and 250,000 will have their rates cut from April 2017.
- Commercial stamp duty has also been cut.
- Class 2 NIC abolished from April 2018 for what Osborne calls the 'army of self-employed'.
- The cut in Corporation Tax to 17% by 2020 is more about attracting foreign investment – but obviously UK business will benefit from this in the mid-term. It will also help to soften the blow of recent increases in dividend tax.
- Capital Gains Tax reduction from 28% to 20% and from 18% to 10% from 6 April is also a positive move for business – although not for landlords of residential property where existing rates remain.
- The tax avoidance and evasion crackdown continues although these latest measures were again more focused on international businesses rather than UK companies.

"On the whole, local business can be pleased with the measures introduced – it's now about waiting for the outcome of the EU referendum and what the global economy continues to throw at us as a country and a region."



Tracy Jenkins



Alan Rolfe

# FACT BOX

## Single Director Companies Excluded

From 6 April 2016 the employment allowance which offsets against your employer's national insurance liability, increases from £2,000 to £3,000. But if you're the only employee in a company and also the director, your company will no longer be eligible for the NICs employment allowance.

## Introduction of the National Living Wage

If your business employs people over 25 you need to ensure you are paying them the new National Living Wage of £7.20 per hour from 1 April.

Information on eligibility can be found at [www.livingwage.gov.uk](http://www.livingwage.gov.uk)

## Residential landlords take note

April 2016 saw the 'wear and tear' allowance for furnished residential lets replaced by a new relief available for all residential landlords, based on the actual cost of replacing furnishings.

## DATA PROTECTION

### Important changes to Data Protection

After a three-year review the new EU General Data Protection Regulation will replace the existing directive, marking an important step in the development of a digital single market. Although the GDPR is unlikely to come into effect until 2017, businesses need to begin responding now.

"The most important thing," says Richard Bacon IT Manager of HWB, "is to thoroughly assess all your data policies, training and procedures and ensure they are legally and operationally robust so you can demonstrate you meet required standards and can react quickly if you do experience a data breach."

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Richard Bacon

## HWB's support helps lock in £2m deal

HWB has been working with local company, Access Key & Lock, leading up to its £2 million sale to Cromia Security Solutions Group plc (CSSG).

Director and corporate finance specialist, Richard Hurst, has worked closely with Access MD Mark Whettingsteel since 2008, when he acquired Fareham-based Centre Security.

"In 2008 Mark was looking to expand and I worked with him to secure the necessary bank funding. In the last 8 years Mark and his team have

worked hard to develop the business culminating in the recent sale.

"Access is a great strategic fit with Cromia - it provides specialist locksmith services to prestigious customers and Cromia has developed some innovative security solutions which will further enhance its offering."

The company has outlets in Fareham, Portsmouth, Southampton, Winchester, Bournemouth and Brighton.



## CROWD FUNDING

### Calling all local businesses looking to borrow

#### And all local investors looking to lend!

Crowd-funding, or peer-to-peer lending has grown in popularity with businesses and individuals who are unable to obtain funding from traditional sources and now there are even more alternatives.



GO2  
Business Loans

The latest is Go2 Business Loans, a new loan funding scheme operating in the southern region directly connecting local business people and organisations who want to lend, with credit-checked, established businesses who want to borrow.


Go2, which is registered with the FCA and complies with their regulatory requirements is now looking for businesses and investors to register with them. For more information on arranging and securing finance, speak with your HWB director or Richard Hurst.

For further information:  
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Richard Hurst





## What if the tax man comes knocking?

Fee protection insurance costs from just £55 per year – but covers our fees to respond to HMRC enquiries on your behalf. Application for insurance takes less than five minutes and delivers a full year of protection!

For further information:  
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James Alesbury

## Restriction of tax relief for loan interest from April 2017

Residential landlords need to start planning now for changes in tax relief in loan interest. From April 2017 tax relief for interest and finance costs will change to a relief which reduces the tax payable which could result in income taxable at higher rates than before.

Tax year	% fully deductible	% restricted to basic rate tax
2017/18	75	25
2018/19	50	50
2019/20	25	75
2020/21	0	100

One option is to rearrange ownership, perhaps with a spouse or within a limited company which has a number of benefits, particularly as full loan interest relief is available against rental income. Holding investment property in a company needs professional advice and planning, however, as there are Capital Gains Tax and Stamp Duty Land Tax implications when transferring existing property into a company.



## The Apprenticeship Levy – What is it and what will it mean for you?

The Apprenticeship Levy was announced in the summer budget of 2015 and came into force on 6th April obliging UK employers with annual pay bills of £3 million or more to pay a levy to fund new apprenticeships.

The levy will be 0.5% of an employer's pay bill which is based on the total employee earnings subject to class 1 secondary NICs. Each employer will receive one annual allowance of £15,000 to offset against their levy payment but employers operating multiple payrolls can only claim one allowance per year. They will pay and report levy payments through their normal payroll processes, using PAYE real time information (RTI).

For an employer with a 'pay bill' of £4m, the levy cost will be £5,000 (£4m x 0.5% less annual allowance of £15,000).

Employers who do not have to pay the levy will continue to have access to government funding to support apprenticeships.

## Financial Planning

We have an alliance with a fully regulated IFA team so if you're looking for help with pensions, insurances, investments or financial planning, we can help!

We have established a strategic alliance with a firm of Independent Financial Advisors who are authorised and regulated by the FCA. Personal financial and pension planning matters will be referred to them to help you preserve and enhance your wealth.

## Company law changes

There has been a change to UK company law which affects the requirements for annual returns, statutory registers and a new register of people with significant control.

Please email David Brookes at david.brookes@hwb-accountants.com for further information.



### Auto enrolment affects every UK employer in some way

Do you know when you have to comply?

Do you know the fines for non-compliance?

**We have a solution!**

For further information:  
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# Charity round-up

Our charity round-up for 2015 included jumpers, toys, running shoes, sprouts, coffee and cakes and, most importantly, hundreds raised for important local and national good causes.

We were also delighted to be able to support the Hampshire-based child bereavement charity Simon Says (our chosen charity of the year) with a £500 donation instead of sending Christmas cards.

We took part in Macmillan's World's Biggest Coffee Morning in September and our Christmas jumper Day supported Save The Children and the Make-A-Wish Foundation.



As in previous years, we supported local radio station Wave 105's Mission Christmas, by donating toys and gifts to children's charity Cash for Kids.

It may not have been quite as heroic as Eddie Izzard's epic marathon challenge for Sport Relief, but HWB Accounting's staff took their 'Ice the Cake' challenge no less seriously.

Four teams battled it out to ice the HWB logo onto a cake within two minutes – a task far trickier than it looked! Icers Sharon Bracken, Richard Hurst, Alan Rolfe and Huyen Jones were cheered on by the rest of the team who had all donated money to sponsor their efforts, which were then judged by the HWB Charity Committee.



We marked our HWB Christmas with a celebration of the Great British Sprout by challenging our clients to guess the number of sprouts in a 6ft plastic tube. More than 60kg were poured into the tube which held 5,089 sprouts – some of which were donated to local charities Chandler's Ford Care Home and The Society of St James. Winner Tracy Butler scooped a £500 voucher for a Mr & Mrs Smith hotel break



## Welcome

Debbie Clifford-Jones joins as our audit and accounts department manager, overseeing the department, managing the work flow and fine-tuning its processes.

Ryan Middleton joins the tax department, whilst Alex Olney and Priyesh Unnadkat join our audit and accounts team and will be working with a number of academy school clients.