OLLIS & CO
Chartered Accountants & Registered Auditors

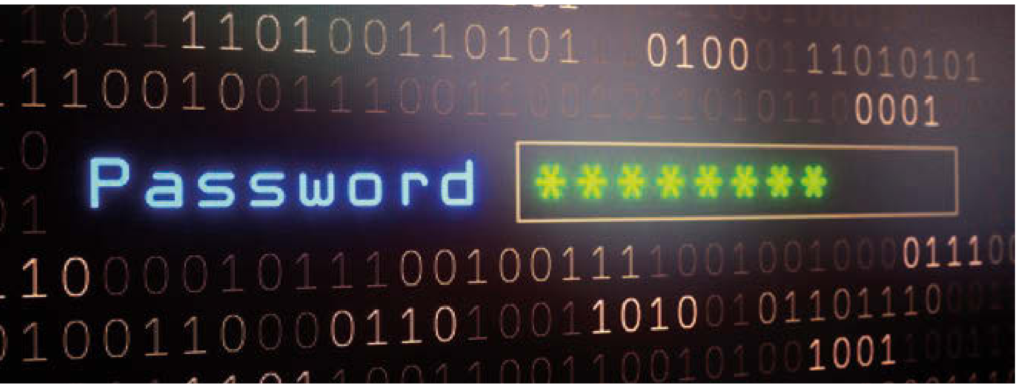
Nelson House, 2 Hamilton Terrace, Leamington Spa, Warwickshire CV32 4LY
T 01926 335381 F 01926 450287 E enquiries@ollisandco.com
www.ollisandco.com

BUSINESS MATTERS

ISSUE 4 2022

Beware cost-of-living financial scams

As the cost-of-living crisis continues to grip the UK, experts are warning individuals to be wary of the heightened risks posed by scammers and fraudsters. Here, we consider how businesses and individuals can protect themselves against scams and fraud.



Spotting warning signs

Action Fraud, the UK's national reporting centre for fraud and cybercrime, recently warned that criminals are exploiting the UK's cost-of-living crisis to target the public with energy rebate scams. In the two weeks from 22 August to 5 September, it received 1,567 phishing emails purporting to be from energy regulator Ofgem, offering individuals energy rebates.

Action Fraud outlined a handful of steps that the public can follow in order to better protect themselves from scams. These include:

- contacting the company directly if you have doubts about an email or text message
- refraining from using contact numbers or addresses in a suspicious message - use contact details from the business's official website instead
- forwarding dubious communications to report@phishing.gov.uk.

Action Fraud also highlighted its Take Five to Stop Fraud advice, which includes taking a moment to stop and think before parting with personal information or money; challenging a suspicious request; and protecting your accounts by contacting your bank if you think you've fallen for a scam.

Keeping personal information private

Many criminals attempt to obtain individuals' personal information so that they can carry out their scams. Keeping the lid tightly sealed on all personal information is key to prevent it being stolen by fraudsters, who often use it to apply for loans or pay for goods or services.

It is vital to safeguard your sign in credentials and online banking password. Individuals may wish to make use of password managers - these can be great ways of creating strong passwords and keeping track of them. Many online services utilise two-factor authentication (2FA), which only grants the user access to an account once two or more pieces of evidence have been presented. These can be biometric, such as fingerprint and face scanning, or data-based, such as codes and passwords.

When browsing online, check to ensure websites are secure - these are ones that use https in their URL or display a small padlock symbol at the beginning of the website address.

Pension regulator's scam-fighting plan

Pension savers are also being targeted during the cost-of-living crisis leading the The Pensions Regulator (TPR) to unveil a new scam-fighting plan designed to protect savers from scams.

TPR warned that savers could be duped by offers to access their pension savings early in order to cover energy or other household bills. It stated that criminals are also peddling fake investments 'offering high returns that never materialise'.

A new scams strategy published by the Regulator sets out to make savers aware of the risks scams pose. The strategy also promises to secure the intelligence needed to pursue and punish scammers.

The TPR's three-pronged plan aims to educate industry and pension savers on the threats posed by scams; prevent practices which may harm individuals' retirement outcomes; and combat fraud by disrupting and punishing criminals.

Care should always be taken to protect your personal details and finances from criminals. Further advice can be found on the Action Fraud website.

Tax rules for hybrid working under review

Employees are increasingly able to work from almost anywhere in the world. However, the Office of Tax Simplification (OTS) is examining the rules around tax as they apply to distance and hybrid working, both within the UK and globally.

We will find out what the OTS recommends in due course, but what can businesses look at in the meantime?

The tax rules on areas like travel and subsistence are a prime area to review, taking stock of where working practices have changed post-Covid. Particularly important is the concept of the 'permanent workplace', something that has specific meaning in tax law. It has a direct bearing on the allowability of travel expenses.

If employees are working remotely or in a hybrid arrangement, where they work both on site and at home, special care is needed: tax relief for travel from home to the employer's premises will be available only in very limited and specific circumstances. In most cases, HMRC will hold that the employer's normal workplace is the permanent workplace. Where this is so, the ordinary commuting rules work to deny tax relief.

The position regarding home working expenses and employer provided equipment is another area to check. There were a number of temporary changes, which applied specifically during the pandemic. Employers should now take the opportunity to engage with staff to make sure that expectations are set at a realistic level.

The OTS is also looking at the increasing trend in cross-border working, where employees work overseas for employers based in the UK, or work in the UK for overseas employers. It notes: 'These arrangements are different from traditional expatriate assignments, where individuals moved to a different country to work for a set period. Hybrid arrangements may typically involve an individual working in two or more countries, often in residential accommodation, where the location is chosen by the employee and not by the employer.'

Employers potentially need to deal with many different issues arising here. They range from where someone is considered resident for tax purposes, to consideration of what are called double tax treaties – treaties between the UK and other countries establishing how an individual is taxed. Areas like share schemes and pension contributions also require appropriate attention.

Whether your employees are internationally mobile or footloose within the UK, there's a lot of complexity. We can help with advice tailored to the requirements of your business.

The extent of the skills shortages facing UK businesses was laid bare recently by a Federation of Small Businesses (FSB) report that found over 80% of SMEs are struggling to recruit the staff they need.

The most common complaint from SMEs was a lack of relevant qualifications, skills and experience among candidates. This shortage is not restricted to small businesses and is harming the growth prospects of many organisations.

Although there is some help for employers already in place, business groups are demanding that the government takes further action to tackle the problem.

Perennial issue

According to the FSB, the skills and training deficit is a perennial issue, but far from an insoluble one.

It sets out a roadmap for change on every level, from schools to apprenticeships to workplaces. It warns that apprenticeship starts have tumbled since the introduction of the Apprenticeship Levy. The FSB recommends bringing back the £3,000 incentive to hire an apprentice that existed over the Covid-19 lockdowns, which would encourage firms to hire additional apprentices.

The FSB also wants to see an increase in the corporation tax relief for employers who are training low or medium-skilled employees.

Educational targets

In addition, the business group wants to see the government set targets for education and qualifications into legislation. It says that by 2035 no young person in England should complete compulsory education without at least Level 2 qualifications, and that three-quarters of the working age population in England should have at least Level 3 qualifications.

Crippling shortages

The British Chambers of Commerce (BCC) also says that rapid reform is needed to tackle the 'crippling staff shortages' that have created 1.3 million unfilled jobs in the UK economy.

The BCC has proposed a three-point action plan to tackle the substantial number of unfilled vacancies.

Firstly, it says that firms must be encouraged to find new ways of unlocking pools of talent – by investing more in training their workforce, adopting more flexible working practises and expanding use of apprenticeships.

Secondly, it wants the government to help employers invest in training by reducing the upfront costs for business and providing training-related tax breaks.

Skills wanted

Finally, the BCC says the Shortage Occupation List (SOL) should be reformed to allow sectors facing urgent demand for skills to get what they need. The SOL governs immigration rules according to the demand for skills by both job type and region.

The BCC says the SOL is not currently fit for purpose and should be more flexible to allow it to support firms experiencing recruitment issues.

The Confederation of British Industry (CBI) agrees that the government should urgently update the SOL in parallel to developing genuine strategies for homegrown skills. It says it is time to set out the skills the country needs; consider what talent can be developed at home; and make smart use of immigration to plug the shortfall.

Kickstarting training

The government has introduced some schemes to enable jobseekers to gain the skills they need to get jobs and provide targeted help for young people to get into work. The Kickstart Scheme funds the direct creation of high-quality jobs for young people at the highest risk of long-term unemployment.

It is a £2 billion fund designed to create hundreds of thousands of high-quality six-month work placements aimed at those aged between 16 and 24 who are on Universal Credit and are deemed to be at risk of long-term unemployment.

Funding available for each job covers 100% of the relevant National Minimum Wage (NMW) for 25 hours a week, plus the associated employer national insurance contributions (NICs) and employer minimum automatic enrolment contributions.

Providing opportunities

Despite the current challenges, many businesses are looking to the future. They must invest wisely using the available government support to develop a skilled, motivated workforce.

We are happy to advise in detail on the best approach to suit your circumstances. Please contact us for more information.

Business Round-up

Chancellor reverses Mini Budget measures

Chancellor Jeremy Hunt has announced a reversal of most of the measures announced in the recent Mini Budget.

In his first statement as Chancellor, Mr Hunt announced a reversal of almost all of the tax measures set out at the Mini Budget that have not been legislated for in parliament.

He also signalled major changes to the government's energy support packages for businesses and households.

The Chancellor announced that the following tax policies will no longer be taken forward:

- Cutting the basic rate of income tax to 19% from April 2023. The basic rate of income tax will therefore remain at 20% indefinitely.
- Cutting dividends tax by 1.25 percentage points from April 2023. The 1.25 percentage points increase, which took effect in April 2022, will now remain in place.
- Repealing the 2017 and 2021 reforms to the off-payroll working rules (also known as IR35) from April 2023. The reforms will now remain in place.

The Chancellor also cancelled the VAT-free shopping scheme for non-UK visitors to Great Britain and the freezing of alcohol duty rates scheduled for next February.

Mr Hunt says that these measures will raise £32 billion for the government.

The changes follow previous decisions not to proceed with proposals to remove the additional rate of income tax and to cancel the planned rise in the corporation tax rate.

The Energy Price Guarantee and the Energy Bill Relief Scheme will continue as previously announced until April, they will be reviewed for beyond that date.

HMRC releases more details on MTD for Income Tax

HMRC has published more details on how Making Tax Digital for Income Tax (MTD for IT) will work for buy-to-let landlords and sole traders with qualifying income over £10,000.

The new income tax framework for MTD for IT will be mandatory from 6 April 2024. HMRC is now asking for users to sign up for the test phase.

The new system will replace self assessment tax returns for anyone who qualifies for MTD for IT as they will have to submit all non-qualifying income through the Personal Tax Account (PTA) system instead. The new deadline for end of year statements will be 31 January after the end of each tax year.

HMRC will use data from self assessment tax returns to calculate qualifying income in the first instance and will contact all affected taxpayers directly to inform them that they fall under the mandatory MTD for IT rules.

HMRC states: 'Your qualifying income is the combined income that you get in a tax year from self-employment and property income sources. We assess this before you deduct expenses (that is, your gross income or turnover). All of your qualifying income must be reported through MTD compatible software.

'All other sources of income reported through self assessment, such as income from employment, dividends or savings, do not count towards your qualifying income. You will need to report income from these sources using either your MTD compatible software (if it has the functionality) or HMRC's online services account.'

Tax Tip

Review your business structure

You may be able to reduce your annual tax bill by reviewing your business's structure, as there are often significant tax savings to be made. During the early years of a business, it may be preferable to operate as a sole trader or in a partnership. However, as your profits increase, you may find it more beneficial to form a limited company.

Incorporating your business also has many non-tax advantages. Incorporated companies enjoy legal continuity, as they are legal entities in their own right. In addition, if a business owner ever wished to transfer ownership, as an incorporated company this can be achieved with greater ease than if trading as a sole trader or in a partnership.

Please contact us for more information.

Reminders for your diary

November 2022

2 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2022.

19 PAYE, Student loan and CIS deductions are due for the month to 5 November 2022.

December 2022

1 New Advisory Fuel Rates (AFR) for company car users apply from today.

19 PAYE, Student loan and CIS deductions are due for the month to 5 December 2022.

30 Online filing deadline for submitting 2021/22 self assessment return if you require HMRC to collect any underpaid tax by making an adjustment to your 2023/24 tax code.

31 End of CT61 quarterly period.

Filing date for Company Tax Return Form CT600 for period ended 31 December 2021.

January 2023

1 Due date for payment of corporation tax for period ended 31 March 2022.

14 Due date for income tax for the CT61 quarter to 31 December 2022.

19 PAYE, Student loan and CIS deductions are due for the month to 5 January 2023.

PAYE quarterly payments are due for small employers for the pay periods 6 October 2022 to 5 January 2023.

31 Deadline for submitting your 2021/22 self assessment return (£100 automatic penalty if your return is late) and the balance of your 2021/22 liability together with the first payment on account for 2022/23 are also due.

Capital gains tax payment for 2021/22.

Balancing payment – 2021/22 income tax and Class 4 NICs. Class 2 NICs also due.