



Newsletter

June
2023



Welcome
to our June
Newsletter

Michelle Buzzard | Director

As we enter a new era under the reign of King Charles III, such enormous changes can feel unsettling for some whilst others embrace them. In business, we can experience restructure and innovation which can cause similar responses but how should we view change?

At James Todd and Co, we believe that responding to positive change; i.e. new software and training develops skill sets and staff initiative and keeps us relevant in our field. Developing and changing our habits consistently to promote productivity is something we look to help our clients with too, and as such we have information about our software migration and training on p.3.

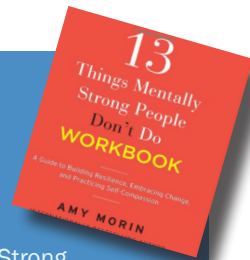
If you struggle to embrace change, then our book of the month can help you adopt a different mindset to work with it, build mental strength and let nothing hold you back.

Many Happy Returns, Shannon!

This month we wish Shannon Clark, Portfolio Manager based at our Northgate Office, a very happy, special birthday. Shannon turned 30 on 19th May. We enjoyed celebrating with a birthday lunch on 25th May.



BOOK OF THE MONTH



13 Things Mentally Strong
People Don't Do Workbook
Amy Morin

Amplifying the breakthrough advice from her bestselling books, Morin presents an interactive workbook for anyone looking to kick bad mental habits and fortify their mental muscle. A powerful and practical toolkit for building mental strength, this workbook deploys activities, prompts, science-based research, and stories to help readers become the best versions of themselves. Morin challenges readers to put the tried-and-true advice that has resonated with millions into real-life practice. Beyond identifying the 13 things that hold readers back—from indulging in self-pity, to agonizing over things beyond your control, to resenting the achievements of others—the workbook presents exercises that will teach readers how to create a custom mental strength-building plan Morin positions easy-to-follow prompts and unique activities like: Change the channel in your brain to stop ruminating; calculate levels of fear to take more risks and change your language into empowered mentality.

Amazon



3 Peaks Challenge!

On June 24th Shannon Clark, Dolly Coppard and Brooke Saunders will be attempting to complete the 3 Peaks 24 hour challenge.

This challenge consists of climbing the 3 biggest mountains in England, Scotland and Wales and travelling between the 3 all in just 24 hours!

They will be joined by Victoria Chesney and Lauren Mackrell who will be driving and supporting throughout the challenge.

This challenge is to raise money in aid of the local charity Dementia Support. They offer invaluable information and support for those suffering from Dementia, and provide respite and advice to their families.



Any support or donations are much appreciated and we have pinned our JustGiving page link to the James Todd & Co Facebook page if you would like to donate.

Short-term property let: does HMRC need to know?

Many websites urge property owners to start earning from their home or spare room - but what they don't always mention is that HMRC may want a piece of the action. Very few sources of income are exempt from tax. Income from short-term property letting is likely to need to be included in the calculation of your taxable income, although there are some occasions where property-specific tax reliefs may apply.

At the commercial end of the spectrum, bespoke tax rules exist for furnished holiday lettings, which serve to treat letting income as trading income. This can bring a number of tax advantages: loan interest to buy or improve the property, for example, is eligible for tax relief, and the income can be treated as relevant earnings for the purposes of personal pension payments. But to access this regime, strict qualifying criteria apply. These include a minimum period of availability to the public each year and a minimum period of actual letting.

At the opposite end of the range, comes the property allowance. This is aimed to minimise the compliance burden for low levels of letting income – for example where a room, or perhaps parking space on the family driveway, is let out very occasionally. The allowance is £1,000 each year, and usually, where gross property income is £1,000 or less, it is not necessary to report such income to HMRC. The property allowance is not available where properties are held through a partnership or in a company. Note, that if a property is held jointly (but not through a partnership) then each taxpayer has their own property allowance. Where property income is more than £1,000, HMRC requires notification. It is also necessary to keep records of the property income against which the property allowance is set.

The Rent a Room Scheme is another scheme designed to ease the admin burden for lower levels of income. It exempts the first £7,500 of rent each year from a lodger in your only or family home – or £3,750 where rent is shared jointly. Note that this is different from the property allowance. It can also be used for trading income from guest houses or bed and breakfast establishments. Where income is less than £7,500, there is no need to complete a tax return.

HMRC is currently writing to some taxpayers where it has reason to believe that they may have earned income from short-term property letting, not disclosed it to HMRC - and may need to pay tax. This includes earnings from using property sites like Airbnb, Booking.com, VRBO and Holiday Lettings.

The letters are meant to nudge taxpayers to review their tax position, and put right any mistakes which might have been made. If you get one, it will ask you to complete a Certificate of Tax Position within 30 days, and tick a box to say either that there is no income to disclose, or that there is. If there is, HMRC asks recipients to use its online Digital Disclosure Service. It stresses that failure to respond to the letter may trigger an enquiry into someone's tax affairs.

Should you receive such a letter, please do discuss the position with us before any action is taken – and with an eye to the deadline specified. Serious consequences can attach should HMRC determine that a false declaration has been made on a Certificate of Tax Position, and there may be a more appropriate means to make any disclosure necessary. We can help you take stock and discuss the best route to take in these circumstances.

Employers' PAYE: Apply online for time to pay

HMRC's time to pay facility offers a structured monthly repayment arrangement to taxpayers struggling to settle an outstanding tax liability in full, on time. Where criteria are met, this can now be arranged online for an employer's PAYE liability, removing the need to phone HMRC. This can already be done for income tax self assessment.

HMRC always tailors time to pay arrangements to the circumstances of the individual taxpayer. This means monthly repayments are worked out with reference to your income and expenditure, and HMRC is open to renegotiating repayments if circumstances change. Whilst HMRC is committed to trying to help taxpayers pay their outstanding liabilities, it also has to be convinced that there is a realistic chance of repayment. If it thinks that someone is unlikely to be able to keep up repayments, it will probably refuse time to pay.

The online option can be used if:

- you owe less than £15,000
- are within 35 days of the payment deadline
- can pay the debt off within the next six months
- don't have any other payment plans or debts with HMRC
- your employer's PAYE submissions have been submitted
- any Construction Industry Scheme returns have been submitted.

It's important to note that there is still interest to pay on outstanding tax, even where a time to pay arrangement is in place.

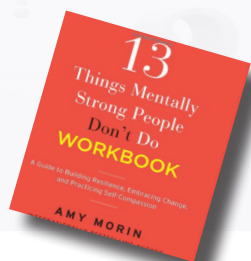
To start the procedure off, follow the links from the 'If you cannot pay your tax bill on time' page on gov.uk. You need your employer PAYE reference number to hand, plus your bank account details and details of any payments missed already.

If you can't tick all the boxes for the online criteria, time to pay is still an option. It's simply that there is a different route to apply. Here you should use either HMRC webchat, signed on the 'Payment problems' page; or the Payment Support Service phone line. This is available on 0300 200 3835 between 8am and 6pm, Monday to Friday.

Monthly Quiz | Win a copy of our
book of the month
Enter at: info@jamestoddandco.co.uk

Q. A fire engine travels seven miles to a fire at a speed of 40 mph. Its tank holds 500 gallons of water but has been leaking at a rate of 22.5 gallons per hour throughout the journey. If the fire engine needs 497 gallons of water to put out the fire, will it have sufficient?

Congratulations to Julian Bevan and Becky Halls who correctly answered last newsletter's competition. The answer was 40.



TOP APP!

Monday.com



If you lack clarity of what is going on within your business and teams, monday.com provides solutions for automating routine tasks, customising work flow bespoke to individual departments, and gaining visibility into the progress of projects across teams. Starting at £0 up to £42 depending upon team size and required functions.

Monday.com presents a collection of highly customized spreadsheets in which everyone on a team logs the tasks they need to complete and updates them with status reports and other relevant information. In this way, every team member can see all active tasks and their progress, making it easy to pass work from one person to the next or jump in quickly if someone is suddenly unavailable.

Companies House gets major new powers

The Economic Crime and Corporate Transparency Bill, currently going through parliament, impacts company directors, secretaries, and people with significant control. The move gives Companies House greater powers to check information on the companies register, and enhanced ability to work with law enforcement and other bodies tackling fraud. It's described as the 'biggest upgrade' at Companies House in 170 years, but the new legislation doesn't just apply to UK companies. Other legal entities, such as limited liabilities partnerships are also within scope.

Of particular importance are rules requiring new and existing directors to verify their identity. People with significant control and anyone else filing with the Registrar will also need to verify. Restrictions are imposed on the use of corporate directors.

New accounts-related requirements come in, too. The option to file abridged accounts will be removed, so that all small companies will have to file a profit and loss account and directors' report. Micro-entities will also be required to file a profit and loss account. Companies, including dormant companies, relying on audit exemptions will need to make an eligibility statement, and in due course, digital filing and full tagging of financial information in iXBRL format will be mandated.

The Bill sets out to modernise the law governing limited liability partnerships. This will bring stricter registration requirements; the need for limited partnerships to maintain a connection to the UK; and increased transparency. The Registrar will be able to deregister limited partnerships in certain circumstances, for example where they are no longer carrying on a business.

It's all part of a much bigger picture: the ongoing drive against criminal abuse of corporate structures for fraud, terrorism and money laundering purposes. It's also part of the government's bid to stop the use of the UK as a safe haven for 'dirty money' following the invasion of Ukraine. The logic is that more enforcement powers, more compliance checks, more requirements to make financial information available to the public, make a more transparent business environment. And a more transparent business environment makes it harder for criminals to hide. As yet, there is no start date for these provisions.

Hybrid and flexible: live issues for employers

Non-standard work arrangements are now the not-so-new normal, and come with their own compliance risks. What are the areas to be aware of?

Hybrid working is a type of flexible working, where an employee divides time between the workplace and a 'remote' location - most usually, their home. Depending on arrangements with the employer, they might work two days a week in the office, and three at home, for example. Since the pandemic, hybrid working has been more employer-led than flexible working, but employees can make an informal request for hybrid or home working, as well.

Flexible working, on the other hand, is always initiated by employee request, and can be about more than just location. It includes arrangements like job-shares and flexitime, or working compressed, annualised and staggered hours. And it's something businesses may have had to consider, even before the pandemic. The Employment Rights Act 1996 gives employees who have at least 26 weeks' continuous service, the right to request a change to working hours, times or place of work, including working from home.

Employers are required to deal with requests in a 'reasonable manner', and in line with a statutory Code of Practice published by Acas, the Advisory, Conciliation and Arbitration Service. Whilst there is no automatic right of approval, requests can only be refused on certain specific grounds. These include the burden of additional costs or detrimental impact on performance.

The government intends to legislate to make the right to request flexible working a day one right - rather than one that starts after 26 weeks. In addition, the Employment Relations (Flexible Working) Bill going through Parliament means that:

- employees don't need to explain what impact flexible working will have on the employer when making the request
- employees can make two requests in 12 months (rather than one at present)
- employers must explore available options with employees before any refusal
- employers must make their decision within two months (rather than three).

The changes apply to England, Scotland and Wales (not Northern Ireland), and take effect from a date yet to be determined.

The changing environment brings new risks - particularly around discrimination claims and the equality agenda. Where a request is made for hybrid, home, or flexible working, check why: if made on the grounds of reasonable adjustment for disability, it means you need to comply with the Equality Act 2010. When responding to requests for alternative working arrangements, demonstrate - and document - the fact that staff are not disadvantaged because of protected characteristics. These include age, disability, sex, race, religion and belief. Make sure staff are treated equally, and remote workers are not disadvantaged where new working arrangements are in place. Your business will need to monitor areas like staff support, training, development and promotion regularly to give confidence that all staff are treated fairly and transparently.

cont...

Director duties in landmark law case

Are there circumstances in which directors must act in, or at least consider, the interests of the company's creditors?

In a significant verdict for company directors, the Supreme Court has addressed this question for the first time. The case turned on a dividend payment made before the company involved went into insolvent administration. Some ten years before, in fact. More important than the detail of the case, however, is the take-away message for directors. Directors normally have a fiduciary duty to act in good faith in the interests of the company, for the benefit of its members as a whole. But if a company is insolvent or nearing insolvency, this is modified. 'As the financial position of the company deteriorates, the shareholders' interests decrease in importance, and those of creditors increase.' Once insolvency is inevitable, the interests of creditors become paramount.

This landmark case has a clear message. It warns that directors must 'stay informed'. Noting that 'progress towards insolvency may not be linear', it suggests the need for:

- directors to ensure they are told if cash reserves or the asset base of the company have been eroded such that creditors may or will not get paid when due
- director access to reliable information about company finances
- the maintenance of up to date accounting information (note that companies can instruct others to do this on their behalf)
- appropriate training for directors about their responsibilities and penalties for failure to comply.

The underscoring of director responsibilities is particularly important at a time of recession, when many companies are feeling financial strain. We are always on hand to help with advice during challenging trading conditions.

QUOTE OF THE MONTH

*"If you always do what
you always did, you'll always get
what you always got."*

- Henry Ford -



Should we embrace change in the workplace?

If you feel that change in the workplace is a bad thing, you are not alone. Many of us prefer to keep with the familiar and seemingly safe. However, change in the workplace can be perceived as good when we consider that companies should be continually growing and adapting to different circumstances. According to business buff Karen McCullough, *"Change in an organization leads to many positive aspects that lead to retaining a competitive edge and also remaining relevant in your business area. Change encourages innovation, develops skills, develops staff and leads to better business opportunities, and improves staff morale."*

It is difficult to adapt to change but without it, we risk stagnating and being left behind our competitors. Technology is constantly evolving along with innovative ideas that quickly knock us off of the top spot. An example of this is when Netflix, in their infancy and a struggling start-up approached Blockbuster Video for a partnership, were rejected by Blockbuster's CEO John Antioco due to his lack of vision. Blockbusters filed for bankruptcy in 2010 and Netflix currently thrives.

To recognise the potential in changing a business model brings the possibility of great new opportunities, whilst declining them can be damaging. Of course do your research before embarking upon anything that feels uncertain, but never dismiss it out of hand, it could be just the change you and your business need!

THIS
MONTH'S
MINDSET



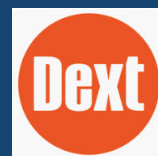
Smooth Cloud-Based Accounting Software Transitions

Legacy desktop-based bookkeeping software can be slow, unreliable, and incompatible with the changing digital compliance landscape.

Future-proof cloud-based systems provide excellent benefits, including automatic updates, always-on accessibility and outstanding data security. Our switching service will free you from the frustration of learning new technology and a dedicated team member will train you to get the best out of your cloud-based accounting system.

When we switch a client to cloud-based accounting, we guarantee minimal disruption and help them to use the software quickly and easily.

Our customised, professional and full-scope accounting software training provides you, and your workforce, with the knowledge and skills to extract maximum value from your systems, whether to support the introduction of a new cloud-based package or enhance the way you use existing bookkeeping solutions. Talk to us today about how we can help manage your software systems and offer support with training so that you can get the best out of your product, be it Xero, Sage, Dext or Quickbooks. Our fixed price options mean you can budget and manage your cash flow.



⋮ A Good Week for...

Extracts from Money Week 05.05.23



French Actress Eva Green is contractually entitled to receive \$1m, the fee for a science-fiction film that was never made. A Patriot ran into financial trouble before being completed. Production company White Lantern Film and Sherborne Media Finance filed a counterclaim insisting that Green had set out to undermine the film in order to buy out the script.

Katie Taylor, an Australian fashion designer who sells her clothing range under her maiden name Katie Perry, has won a long-running trademark dispute with US pop star Katy Perry. Despite the singer, whose real name is Katheryn Hudson, having used the name "in good faith" to sell merchandise during the Australian leg of her 2014 tour, the court ordered her company, Kitty Purry, to pay as-yet unspecified damages.

A Bad Week for...

Italian authorities compiling an inventory of the late actress Gina Lollobrigada's estate have found that €9m in assets are missing, says The Times. Family members of the actress accuse Andrea Piazzolla, Lollobrigada's 35-year-old friend, who managed her assets and cared for her in her final years, of syphoning funds. He denies wrongdoing.



The cabinet office has sent former prime minister Liz Truss a bill for £12,000 to cover the expense of missing bathrobes and slippers, and of food and wine consumed, at the grace-and-favour Chevening estate last summer. It says the costs were incurred for party-political reasons rather than on state business. Truss, who was foreign secretary at the time, has asked for an "accurate invoice".

Our business is
helping your
business succeed.



DOWNLOAD OUR TAX APP

The James Todd & Co Tax App has recently been updated and is easily available by visiting our website, clicking on the App link and following the instructions to download it to your device.



Don't forget, with Premium Credit you can spread the cost of your accountancy fees by monthly Direct Debit. Simply contact us today for more information on how to keep life a little more affordable.



IMPORTANT DATES TO REMEMBER

June/July 2023

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

30th June: Filing of accounts year ended 30th September 2022 due.

1st July: Deadline for paying Corporation Tax for period ending 30th September 2022.

6th July: P11ds to be filed.

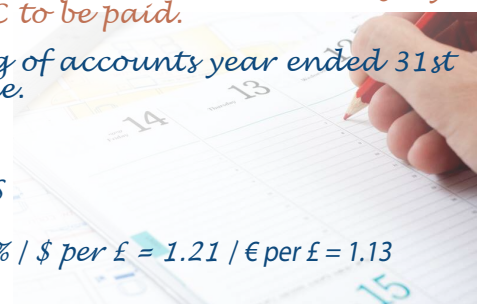
7th July: VAT quarter for period ending 31st May 2023

19th July: PAYE, Student loan and CIS deductions are due for the month to 5th July 2023. Class 1 NIC to be paid.

30th July: Filing of accounts year ended 31st October 2022 due.

IMPORTANT RATES

Bank Base Rate 4% / \$ per £ = 1.21 / € per £ = 1.13



Introducing Dext...

Formerly known as Receipt Bank, James Todd & Co advocate and utilise this cloud based software with their clients. Providing accounting and bookkeeping solutions, Dext is a forerunner in its field, able to automate invoicing and take the pain out of paperwork. This time-saving tool is a must for any business and we can train you and offer continued support in the use of this product. Call us today to set up a training session and find out what Dext can do for you.



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