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more than just accountants

Welcome to our Spring Newsletter

Making Tax Digital (MTD)

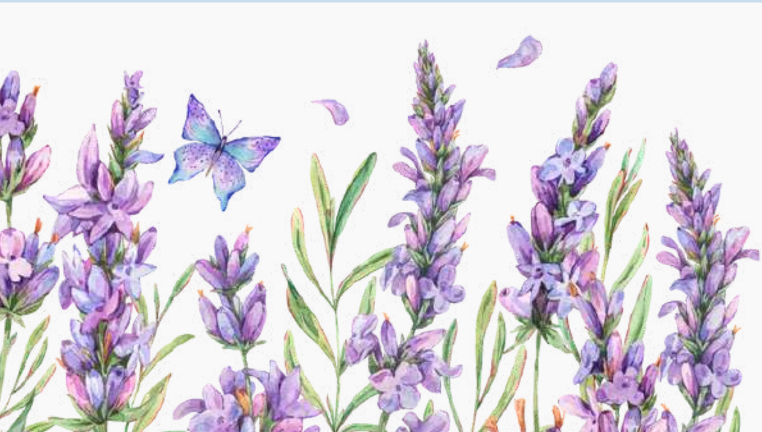
As accountants, we can help our clients navigate the upcoming transition to Making Tax Digital (MTD) for Income Tax Self Assessment (ITSA).

With the phased rollout starting in April 2026, we'll guide self-employed individuals and landlords through the process of keeping digital records and submitting quarterly updates to HMRC.

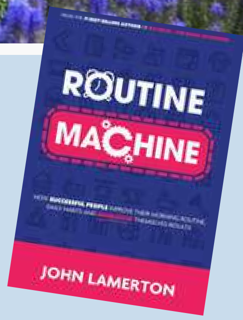
We'll ensure compliance with the new requirements, help streamline tax management, and support smaller businesses in preparing for the changes.

Transitioning to digital bookkeeping may require significant changes to your current processes. If you're relying on manual spreadsheets or physical records, now is the time to explore your options. We recommend switching to Xero that streamlines tracking and reporting.

We're here to guide you through the available solutions and help you transition smoothly therefore please contact us as soon as possible.



Book of the Quarter



Routine Machine:
How successful people improve their morning routine, daily habits and guarantee themselves results.

By *John Lamerton*

How does a "normal bloke from Plymouth" achieve more success than he ever dreamed? By becoming a Routine Machine. In his new book, John Lamerton shares how anyone can follow a simple, everyday plan to achieve their goals without needing superhuman effort or talent.

Learn how one sheet of paper 10x'ed his business, why morning routines don't need to start at 5 am, and the ONE routine that makes everything easier.

With insights from famous figures like Warren Buffett, Sir Richard Branson, Hulk Hogan, and even Mr. Bull from Peppa Pig, this book is packed with powerful lessons.

Quarterly Quiz

Win a copy of our book of the quarter!

What number should replace the question mark in the grid?

8	6	3	5	9
5	8	4	9	4
9	2	6	6	2
4	9	1	7	5
3	5	6	3	?

Email: info@jamestoddandco.co.uk to enter!

The answer to last quarters quiz was 52! Congratulations to our winner; Lauren

What Have The Team Been Up To?

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Exciting News: Welcome Sienna Dorothea Harvey-Coppard!

We are overjoyed to share the wonderful news that Dolly Coppard and her partner have welcomed their beautiful baby girl, Sienna Dorothea Harvey-Coppard, into the world! Born on 3rd March 2025, Sienna made her grand entrance weighing a healthy 6 lbs 8 oz, and both mother and baby are doing brilliantly.

Before her arrival, Dolly celebrated her baby shower surrounded by friends and loved ones, eagerly preparing for this exciting new chapter.

On 13th February, Dolly began her maternity leave to relax, nest, and get everything ready for the arrival of her little one.

This special moment not only brings joy to Dolly and her family but also marks an important milestone for Kevin, as Sienna is his fourth grandchild!

We wish Dolly and Chris endless moments of joy as they embrace this beautiful new chapter.

Congratulations on the arrival of precious *little* Sienna!

A Birthday Milestone...

Victoria Chesney, kicked off the year with a bang by celebrating her 30th birthday in style in New York City at the end of January.

Despite the chilly weather, she had an unforgettable time exploring the Big Apple, soaking in the sights, and making memories to last a lifetime.

We hope Vic had an amazing trip and are thrilled to welcome her back as she brings her positive energy and creativity to the team in 2025!

Dare we say a Festive Flashback...

We know it's a bit early in the year to mention the "C" work, but we couldn't resist sharing this special moment with you!

We had such a wonderful time at our Christmas meal on 20th December, and we just had to share this team photo with you all. It was so lovely having nearly everyone together to celebrate and end the year on such a high.

Here's to great memories and a fantastic start to 2025!

Pertinent Information Worth Noting

CHILD BENEFIT: NEED-TO-KNOW

Since 6 April 2024, higher income thresholds have applied for the High Income Child Benefit Charge (HICBC), putting Child Benefit payment back on the map for some claimants, and opening the door to a first-time claim for others.

The Charge and your options

The HICBC now applies where an individual claims Child Benefit, and they or their partner have adjusted net income over £60,000. It claws back Child Benefit at a rate of 1% for every £200 of income between £60,000 and £80,000. From £80,000, all financial benefit of payment is lost. Note that as the Child Benefit recipient isn't necessarily the same as the person liable to the HICBC, there is potentially the situation where one partner has received Child Benefit, but the other partner effectively has to repay it.

To avoid the hassle of the HICBC, but keep entitlement to National Insurance credits contributing towards State Pension, you can 'claim' Child Benefit but opt out of payment. This also ensures the child automatically gets a National Insurance number at age 16.

HMRC has now made the opt-in opt-out process easier with a new online system on gov.uk. It can be used to opt back in to receiving payments for the current tax year or previous two tax years. But you must already be claiming Child Benefit to use the online service: and it can't be used if payments would be completely clawed back by the HICBC.

PAYE AND NEW RULES FOR STAFF TIPS

New rules state that from 1st October 2024 employers must pass on tips they collect for their employees within one month. No deductions can be made other than statutory amounts including PAYE and NI.

Where a customer laves a cash tip directly for an employee, the employee must declare their tips to HMRC and pay tax (but not NI) on them. Where the tip is added to the customer's bill and paid to the employer, when it's passed to the employee the tip must be treated as wages and subject to PAYE and NI.

DOUBLE CAB PICK-UPS: ALL CHANGE AGAIN

It's been a long and winding road for a final decision on the tax treatment of double cab pick-ups (DCPUs).

Just when it looked as if the question had been settled, Autumn Budget 2024 put it back in the headlines.

Where these vehicles stand as regards the benefit in kind rules and capital allowances has been debated in the courts for some years. The position before the Budget was that DCPUs with a payload of one tonne or more were to be treated as goods vehicles — an announcement made in an abrupt U-turn at the start of 2024.

The Budget announcement resets the position, and revised criteria apply from 1 April 2025 for Corporation Tax (CT) and 6 April 2025 for Income Tax. HMRC will evaluate a vehicle's 'primary suitability' at the time of manufacture to decide whether it should be classed as a car or a goods vehicle. HMRC's view is that DCPUs are usually equally suited to carry passengers and goods, so there is no 'predominant' suitability. Thus most, if not all, DCPUs will be treated as cars.

Transitional provisions soften the immediate impact.

Benefit in kind treatment: Where an employer has purchased, leased or ordered a DCPU before 6 April 2025, the current tax treatment applies until the earlier of: the date the vehicle is disposed of; the date the lease expires; or 5 April 2029.

Examples

- An employer leasing a DCPU on 10 December 2024 falls under the current rules until the earlier of: the date the lease expires or 5 April 2029.
- An employer buying a DCPU on 10 January 2024, and trading it in on 10 April 2025 for another DCPU, falls under the current rules until the date of trade-in. The second DCPU purchased, however, falls under the new rules. It is classed as a car and a car benefit charge will arise.

Capital allowances: Transitional arrangements also apply here. Where expenditure is incurred as a result of a contract entered into before 1 April 2025/6 April 2025, and the expenditure is incurred on or after those dates but before 1 October 2025, the current rules will apply.

Nothing changes as regards VAT. For VAT purposes, DCPUs are classified based on payload. Anything under one tonne is classified as a car, and anything of a tonne or more, as a van.

Please talk to us for further information or advice on any aspect of business motoring.

JOINTLY-OWNED PROPERTY: GET IT RIGHT

A need-to-read case came before the Tax Tribunal recently.

The property and the problem

This was the story of an appeal by taxpayer, Mr Bevan, against penalties for not having notified HMRC of a tax liability in relation to property letting income: and in the event that the penalties were correctly issued, whether he had a reasonable excuse.

The property in question had been bought in 1999. It was owned jointly by Mr Bevan and his wife, and kept for personal use for seven years before being let out, at less than market rent. Rental income was paid into Mr Bevan's bank account. In 2022, HMRC wrote to Mr Bevan asking for details of his property income.

Mr Bevan thought that he had no tax liability in respect of the property. He explained that his income was taxed under PAYE and that the couple considered that all rental monies belonged to Mrs Bevan. She had no other income, and it seemed a sensible way to make use of her Personal Allowance. Since net rental income was less than the Personal Allowance, they did not appreciate that they had to declare it to HMRC.

Unfortunately, no professional advice had been taken to check that these assumptions were right. This was particularly important because the Bevans did not realise that HMRC automatically treats income from jointly-let property as being split equally between spouses, unless an election is made to the contrary.

Muddles and mistakes

The Tribunal was sympathetic, finding Mr Bevan 'a very honest and open witness who fully acknowledged that he did not appreciate all of the subtleties of the issues concerning property income . . . split between joint owners '. But that was not enough.

'What is clear is that there was a muddle and a bona fide mistake was made. We all make mistakes. This was not a blameworthy one. But the Act does not provide shelter for mistakes, only for reasonable excuses. We cannot say that this confusion was a reasonable excuse.'

Its verdict? 'We have found that the Appellant failed to seek the appropriate advice and proceeded on the basis of a misguided assumption.'

Jointly-owned property: the rules

There are special rules for the letting out of property owned jointly by spouses or civil partners. These apply a default 50:50 split of rental income, whatever the actual beneficial ownership of the property. This won't necessarily produce the best outcome for tax purposes, and if the actual beneficial interests in the property are different, an election can be made to change the split. It's done using HMRC Form 17. Evidence of the actual division of the beneficial interests in the property, such as a declaration or deed, will be needed as part of the process.

Take-away message

The case can be summed up quite simply: if in doubt, ask. Should push come to shove, it will always put you in a better place with HMRC. Though as a First-tier Tribunal case, the verdict is not binding, it's a stark reminder of the importance of being up to speed with the rules — and the need to take appropriate professional advice.

HMRC CONSTRUCTION INDUSTRY CONCERNS

Subcontractor verification is under HMRC's spotlight.

With records showing that some contractors are making incorrect Construction Industry Scheme (CIS) deductions, HMRC is currently taking a keen interest in the construction sector.

HMRC's latest compliance drive sees contractors on the receiving end of nudge letters from the tax authority. The letters require contractors to make sure they are making the right CIS deductions from payments made to subcontractors, and briefly recap the rules. Any business that gets a letter from HMRC should make action a priority. If a letter is ignored, HMRC may start a compliance check. If it then turns out that HMRC finds mistakes in CIS returns, a higher penalty scale could apply.

In outline, contractors need to:

- verify all new subcontractors before they are paid
- verify any subcontractors they have used before, if they haven't been included on a CIS return in the current, or previous two tax years and
- make sure that the correct CIS deductions are applied.

Contractors can verify the CIS status of subcontractors using HMRC's free CIS online tool on gov.uk, or using commercial software. Commercial software will be needed to verify more than 50 subcontractors.

As construction businesses will know, the CIS status of subcontractors impacts how they are paid. In some cases, contractors are required to make withholding deductions, representing advance payment of tax and National Insurance by the subcontractor.

- Only subcontractors who have registered for gross payment status (GPS) can be paid without any deduction.
- A deduction of 20% is required for subcontractors registered under CIS.
- A deduction of 30% is required where subcontractors are not registered under CIS.

There has already been change to the process around applying for GPS this year. Since 6 April 2024, VAT has been put on the list of compliance areas that HMRC will check when someone applies for or wants to renew GPS. HMRC also has more bite when it comes to cancellation of GPS. It can now cancel GPS immediately if it has reasonable suspicion of fraud relating to VAT, PAYE, Corporation Tax or Income Tax.

It is more important than ever that businesses using the CIS are up to date with the scheme rules and confident that they are applying them correctly. We are happy to help you check that your business is fully compliant. Please get in touch for more advice.

INHERITANCE TAX CHANGES

Many people will be pulled into the Inheritance Tax net as nil rate thresholds are frozen at their current levels until April 2030. From April 2027 the value of pension savings will also be within the IHT scope. Relief for businesses and farming assets will be capped at £1m and reduced to 50% on the next £1m. If you would like to review your IHT position and receive estate planning advice please contact us.

We can also refer you to a financial advisor for further pensions, savings and investments advice. It is essential to have an up to date will in place so we can also help with this and put you in contact with a solicitor. With a team of professionals who talk to each other supporting you, you won't have to worry about the inevitable – taxes and death!

NATIONAL LIVING WAGE AND NATIONAL MINIMUM WAGE

NEW NATIONAL MINIMUM WAGE RATES

From 1 April 2025, the National Living Wage and the National Minimum Wage rates are increased. If you employ workers, you must pay them at least the statutory minimum for their age.

From 1 April 2025, the National Living Wage (which is payable to workers ages 21 and above) rises to £12.21 per hour. For younger workers, the National Minimum Wage for workers aged 18 to 20 increases to £10 per hour from 1 April 2025 and the rate for workers aged under 18 and over school leaving age increases to £7.55 per hour. The apprentice rate is also increased to £7.55 per hour.

The new rates must be paid from the start of the first pay reference period beginning on or after 1 April 2025.

To find out more about your obligations in relation to the National Minimum Wage legislation, please get in touch.

YEAR-END REVIEW

As the end of the 2024/25 tax year approaches, is it prudent to review whether any action can be taken before the end of the tax year to reduce your 2024/25 liability.

For example, if you have not used your personal allowance in full, it may be worth extracting further profits from a personal or family company or accelerating income to utilise the remaining allowance. Likewise, if you have a personal or family company and shareholders have yet to use their dividend allowance for 2024/25, where retained profits permit, paying a dividend before 6 April will prevent the allowances from being wasted and allow further profits to be extracted tax-free.

The annual exempt amount for capital gains tax is set at £3,000 for 2024/25. If you are planning on making a disposal that will realise a capital gain, making the disposal before 6 April 2025 will allow you to make use of the 2024/25 annual exempt amount, leaving the 2025/26 annual exempt amount free for disposals make on or after 6 April 2025.

It is also advisable to review the pension contributions that you have made in 2024/25. Making pension contributions is very tax-efficient and you can make tax-relieved contributions up to the lower of 100% of earnings and your available annual allowances. If you have a personal or family company, the company can also make contributions, and this can be very worthwhile.

Please contact us as soon as possible to book your year-end review.

EMPLOYERS: AVOID UNWANTED ATTENTION FROM HMRC

The latest tax gap figures show a black hole of more than £3 billion for PAYE. This gap is being put down to employer errors.

The gap that HMRC is talking about is the difference between the amount that is actually paid, and what should, in theory, be collected through PAYE on earnings; other income from employment; and the tax due on occupational pensions taxed through PAYE.

So what do employers have to do to make sure they don't accidentally end up on the wrong side of HMRC's statistics? Good record keeping is always key. So, too, is prompt payment of PAYE and National Insurance contributions, and timely filing of RTI returns and P11Ds. Making sure that employee information is accurate; and knowing what to do to correct an error as soon as it is discovered — these are also important. Mistakes can get in where a business miscalculates someone's employment status.

Where a payroll system hasn't been updated. Where employee records didn't note a change to salary, hours or personal details. There's more than enough to prove challenging, and with the risk of penalties, mistakes can soon become expensive.

We can help you check that you are operating PAYE correctly. Please do talk to us if you would like help or advice in this area.

INTRODUCING ROD WARNE, FINANCIAL ADVISER, BESPOKE WEALTH LTD

We are delighted to introduce Rod a local financial adviser who is dedicated to helping individuals, families, and business owners navigate their financial journeys with confidence. With a passion for helping clients to achieve their financial goals, he has over 30 years of experience within the financial services industry, offering personalised advice and tailored solutions.

Rod is passionate about working closely with clients and showing them how they can achieve their financial goals whilst making his advice simple and easy to understand. His emphasis is on building and maintaining long-term relationships with clients and provide them with a source of trusted advice as their financial needs evolve over the years.

Rod helps clients across all areas of their financial needs from Investments to Pre and Post Retirement Planning, Protection and Estate/intergenerational Planning and provides his clients and their families access to full holistic financial planning.

His client-focused approach ensures that every strategy is built around the unique needs and aspirations of every client. Committed to delivering clear, honest guidance, Rod and the team at Bespoke Wealth pride themselves on building long-lasting relationships with their clients based on trust and transparency.

To learn more please contact us or Rod directly by emailing rod@bespoke wealth.co.uk

SALARY SACRIFICE

We are constantly seeking opportunities to help our clients operate more efficiently. With the pending changes from the Autumn Statement and Businesses having to pay increased National Insurance (NI) rates for their employees we are conscious of this additional cost that Businesses will have to pay.

With this in mind we have been collaborating with Rod Warne, a Financial Adviser at Bespoke Wealth on the benefits of implementing a salary sacrifice arrangement for Workplace Pensions. This can usually be administered within any auto enrolment scheme you may already have in place. A Salary Sacrifice scheme has a benefit for both the employer and employee as it will reduce the amount of NI payable to help combat the pending additional cost that Business owners will have to cover.

What is Salary Sacrifice?
Salary sacrifice is a simple and effective way for employees to maintain their pension contributions while reducing the cost of National Insurance contributions. Under this arrangement, you agree to exchange a portion of your gross salary as a contribution to your pension. These contributions are deducted before tax and National Insurance are applied, creating financial advantages for both your business and your employees.

Benefit for Employers
Reduced National Insurance Contributions (NIC): Lower gross salaries mean lower employer NIC liabilities, potentially resulting in significant savings that can be reinvested into your business or used to enhance employee benefits.

Salary sacrifice arrangements can be seamlessly integrated into existing payroll processes, requiring minimal effort to implement and maintain.

Benefit for Employees
Higher Take-Home Pay: By reducing National Insurance contributions, employees can increase their disposable income.

Considerations-
Before implementing a salary sacrifice scheme, it's essential to consider the following:

- Addendums will need to be made to employees' contracts of employments for the salary sacrifice
- Employees reduced gross salaries must not fall below the National Minimum Wage
- Statutory payments, such as maternity or paternity pay, may be affected by the reduced salary
- Employees should be made aware of the potential impact on financial assessments for products like mortgages or loans *(These days most lenders will calculate lending based on the notional salary – their salary before the exchange.)*

If you would like to know more on how a salary sacrifice arrangement could be tailored to benefit your business we would be happy to assist alongside Rod Warne regarding –

- Reviewing the existing Workplace Scheme
- Setting up the scheme and ensuring compliance with relevant regulations.
- Communicating the benefits effectively to employees to encourage participation.
- Providing detailed projections of potential savings for your business.

If you would like to discuss this opportunity further or have any questions, please do not hesitate to contact us or Rod Warne at rod@bespokewealth.co.uk.

Our Business is helping *your* business succeed...

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stripe

We are now able to take card payments using Stripe. Our invoices will now come with a link enabling the recipient to make payment using the Stripe platform or you can contact us direct to make a card payment.

GoCardless

We use this service to give our clients the option of paying our invoices by direct debit, thus negating the need to manually pay our invoices. This can be particularly useful if you subscribe to a regularly monthly service from us. The invoice is raised and issued in the normal manner, but then is taken by direct debit at the end of the invoice payment term unless any objections are raised. If you would like to setup a direct debit then please contact us for more information..

PREMIUM CREDIT

This facility allows you to spread your accountancy fees by monthly direct debit to help you manage cashflows. If you would like to setup a direct debit then please contact us for more information.

Important Dates to Remember:

March 1
- New Advisory Fuel Rates (AFR) for company car users

March 7
- Deadline for VAT Returns and payments of Accounting Quarter period ending 31st January 2025

April 5
- 2024/2025 Tax Year Ends

April 6
- 2025/2026 Tax Year Begins
- IR35 in the private sector comes into force

April 19
- PAYE quarterly payments are due for small employers for periods 6th January 2025 to 5th April 2025
- Deadline for employers' final PAYE return to be submitted online for 2024/2025

April 30
- self-assessment penalties take effect. Daily penalties start for any 2024 Returns still not submitted at £10 per day for 90 days.

May 31
- Deadline for P60s for employees who were on your payroll on the 5th of April 2024

Important Rates:

Bank Base Rate: 4.5%

EUR to GBP = 0.83 | USD to GBP = 0.78

Find us at: www.jamestoddandco.co.uk
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