

Stepping up the campaign on late payments

Late payment of invoices is one of the biggest challenges facing SMEs, and we expect it to continue during this Health Crisis.

The voluntary Prompt Payment Code, was founded by the Chartered Institute of Credit Management with a mission to promote a culture of prompt payment. It has around 2,500 signatories committed to paying 95% of invoices within 60 days, and to work towards 30 days as normal practice.

In a sign that the campaign is being stepped up, the administration of the Code recently came under the control of the Small Business Commissioner's office, with the aim of bringing all late payment initiatives under a single umbrella.

Research by MarketFinance found that in 2019 the average late payment was 23 days behind schedule – a worrying increase on the previous year when the figure was 12 days.

The report found that around £34bn was owed in late payments to UK SMEs, an average of £34,286. Late payments cause significant cash flow problems for businesses and is not just caused by larger companies delaying payments to smaller ones.

Separate research by Pay.UK, which runs the BACS payment services, found 8 out of 10 private sector late payments were owed to SMEs by other SMEs. Businesses in professional and legal services were the worst affected, with the manufacturing and retail sectors close behind.

There are several measures businesses can

take to help minimise late payments and improve cash flow. Among them are:

Electronic payments

As far as possible, take payments electronically through BACS or a similar system so that funds are cleared and available on the day they are received. If payments are regular (for example for retained services) you can ask for them to be paid by Direct Debit to help plan cash flow.

Use technology

Automated systems such as Xero can help maintain an effective schedule of invoicing, while also freeing up resources in your business.

Chase early

A polite call or email can often help ease a payment problem, and help you build

relationships with accounts departments that you deal with regularly.

Demand interest

You are legally entitled to demand interest and debt recovery costs if a payment is late. The statutory interest rate is 8% plus the Bank of England base rate. You cannot claim statutory interest if you have a contract which specifies a different rate.

Communicate

If you do run into cash flow problems, the sooner you flag them up the better. Speak to your bank and explain the situation – the longer you wait, the more likely you are to put your credit at risk. If late receipt of payment has a knock-on effect on your own ability to pay suppliers then speak to them too – be honest and give them a realistic assessment of when you expect the situation to improve.

Help available during this health crisis

During these unprecedented times, we have created a Health Crisis hub on our website to assist business, individuals and the self-employed. We are updating this section daily, so please keep checking back to get the most up-to-date information. www.hwb-accountants.com/news-guides/health-crisis-information/



New deadlines for CGT on residential property

From 6 April, vendors of a residential property sale which incurs Capital Gains Tax (CGT) will need to make a one-off tax return to HMRC and make the payment within 30 days of completion of the sale.

Currently, the date for reporting the liability and paying the tax due is the end of January of the year following the sale. That means that, for those selling at the start of the tax year, the payment date moves forward by 22 months.

The return will need to be completed and filed online, so taxpayers will need to have either a Government Gateway account as with self-assessment, or an accountant authorised to submit the return for them. This is a factor which needs to be taken into account at the start of the sale process to be sure the return can be filed on time.

Under these new rules, taxpayers may also have issues calculating the amount of tax payable. The CGT rate is dependent on knowing your income for the year in question and with that, the basic rate band which is available. By the same token, taxpayers with share portfolios may also struggle especially at the start of the tax year, when it might not be obvious if there are any capital losses to offset gains. As a result, CGT could easily be overpaid.

Although announced in 2015, the introduction of these new measures was deferred until this year. That means it coincides with restrictions on letting relief and the reduction in the deemed final period of ownership. This represents a further blow to those looking to sell a former main residence but who can't achieve that by 5 April.

HWB's new CGT specialist, Gemma Hedges, can advise on these changes.

For further information contact Gemma Hedges
023 8046 1259
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Gemma Hedges

New rates for Statutory Pay

	2019/20	2020/21
Statutory Sick Pay (SSP)	£94.25	£95.85
SMP, SAP, SPP & ShPP	£148.68	£151.20
National Living Wage Increases		
Apprentices	£3.90	£4.15
16-17	£4.35	£4.55
18-20	£6.15	£6.45
21-24	£7.70	£8.20
25+	£8.21	£8.72

Please note special rules are in place due to the Health Crisis.

New rates for statutory pay came into effect on 5 April 2020.

It can sometimes be difficult as an owner manager to keep up with legislative and HR changes. Our outsourced payroll service ensures a compliant, speedy, efficient, hassle free and value-for-money option.

For further information contact James Alesbury
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James Alesbury

ETL GLOBAL

ETL Update

Gary Brown and James Alesbury attended our first ETL Global International Conference to find out more about how our international network can assist you and your business with taxation or commercial advice in other countries. As a result we can help you get the quality financial advice you need from a professional with local knowledge.



Minimum wage

The Government has increased the National Living Wage with effect from 1 April. The hourly rate for workers aged 25 and over has risen from £8.21 to £8.72, amounting to a 6.2% pay rise.

Younger workers who receive the National Minimum Wage will also benefit from a boost. Those aged between 21 and 24 must be paid at least £8.20, while the rate is £6.45 for 18-20-year-olds, £4.55 for under 18s and £4.15 for apprentices.

We are interested to find out how businesses are affected by these changes. Take our survey at www.surveymonkey.co.uk/r/HQ2NN3B



A clearer picture on Pensions Tax

The Spring Budget contained some welcome clarity around pension reform.

Currently, tax on pensions starts to apply when an individual's threshold income (taxable earnings minus personal contributions) is above £110,000 and their adjusted income (taxable earnings plus employer contributions) is above £150,000.

From 2020-21 the threshold income will increase by £90,000 to £200,000, and the adjusted income figure rises to £240,000.

The minimum reduced tapered allowance decreases from £10,000 to £4,000, while the lifetime allowance for pensions increases from £1,055,000 to £1,073,100 – a rise in line with the Consumer Prices Index.

HWB provides a specialist range of personal tax planning services, including pensions tax, and is glad to see that pensions once again can be used as a tax planning tool.

For information contact:
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Making tax digital – all change again...

Due to the Health Crisis, this has now been moved back to April 2021, at which point all small businesses still using spreadsheets as their accounting records will need to invest in some form of accounting software to ensure they comply with MTD. Bridging software is still allowed, providing that no manual adjustments or intervention is required during the transfer to HMRC.

Charities warned to guard against fraud

More than two thirds of UK charities think fraud is a major risk – yet fewer than 9% of them have a fraud awareness training programme.

That startling figure comes from research by the Charity Commission for England and Wales, which has launched a new drive to help charities understand the tools they need to succeed in fighting fraud.

Charities in England and Wales spend nearly £80bn a year, and research suggests the cost is likely to be hundreds of millions of pounds each year.

Michaela Johns, director and a specialist in the charities sector, said: “Although this research does indicate that the charities sector is becoming tougher in tackling fraud, it is clear that organisations need to look closely at themselves to ensure they have robust fraud prevention and whistleblowing measures in place.

“This involves staying up-to-date with evolving threats from digital technology and the methods used by fraudsters. It’s particularly important that trustees, staff and volunteers understand how to identify and report fraud, and feel protected in doing so.”

For further information contact
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Michaela Johns



Open Banking helping to simplify online accounting

Online accounting services have revolutionised the way we do business, with real-time information informing management decisions. New ‘Open Banking Regulations’ are helping to make the use of these services even easier and cheaper to use.

Since 14 March, ‘Open Banking’ regulations came into force to ensure banks and building societies give automated providers access to financial information.

Businesses using online accounts software, such as Xero, no longer need to pay charges to import data into their software, or use third party sites to obtain it. The new feeds are free of charge and

will provide a level of transparency of account information not seen before in the sector. To ensure the system remains secure, those who opt into Open Banking will be required to re-certify every 90 days to keep the feed up to date.

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Andrew Kershaw

Important changes to employment contracts

- Do you offer staff benefits on top of basic pay?
- Do you employ zero hour or shift workers?
- Are your terms of employment listed in a separate contract or handbook?

If the answer is ‘yes’ to any of these questions, you will have to make some changes to comply with new rules which came into force this month.

Previously, a new employee has to have a written ‘statement of particulars’ with the details of their employment, within eight weeks of starting work. From April 2020, this document, usually a contract,

must be handed to the employee on day one of their employment.

It’s a fairly onerous change and employers ideally should use it as a trigger to review their employment documentation in the 3 following areas.

1. Review Contracts
2. All employees are workers, but not all workers are employees
3. Don’t forget existing employees

For further information contact
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Gary Brown



Take advantage of our free seminars

We are planning the below events for later in the year:

Economic Update with HSBC

Resilience in Business with Paul Kinkaid

Trustee Training

Academy Schools Forum

To register your interest for any of these future events, please visit www.hwb-accountants.com/events or email marketing@hwb-accountants.com

Gemma Hedges joins the team

Welcome to the team, Gemma Hedges who joins us as Senior Tax Manager.

Gemma is CTA qualified and a member of STEP (Society of Trusts and Estate Practitioners) with specialisms in inheritance tax and succession planning, entrepreneurs' relief, trusts, tax disputes and enquiries, residence and domicile matters and LLPs.

She was previously employed at two of the Top UK firms and has more than 13 years' experience in Tax and Private Client management. The appointment comes as we continue to grow following a number of client wins.

Geoff Rhodes, Managing Director said: "We're delighted to have Gemma join our growing senior team, she is a valuable addition with wide-ranging expertise that will continue to strengthen our tax services."

Abby's HWBeroes

Our team has voted that, in 2020, they will join the ranks of Abby's Heroes. This amazing charity helps support children and young people who have come under the care of the Piam Brown and Teenager and Young Adult wards at Southampton General Hospital, as well as supporting their families and friends.

To kick off the fundraising efforts, HWB staff and clients transformed into Santas

to collect and deliver toys and treats to the children and young adults forced to be in hospital over Christmas.

Christmas Jumper Day involved some interesting clothing choices and a lot of fundraising, and there are more activities planned throughout 2020.

Two of our very own heroes, Tom Young and James Flood, have pledged to run a Tough Mudder this summer – and are already in training.

If you would like to join us and become an Abby's Hero please get in touch with Vicky.holman@hwb-accountants.com.



Useful links

For assistance during this health crisis, please refer to our Useful Links page to find guidance from the government and other sources.