

Newsletter

Director reaches 25 years' service as office celebrates milestones

Director, Mitchell Burden, celebrated 25 years at the firm – with a number of other colleagues also celebrating milestones.

Mitchell joined our Oundle office in 1992 as an audit manager, a role that was crucial at the time as company audits were a necessity for all businesses. As audits became more conditional, Mitchell made the change to a qualified tax adviser on the advice of colleague David Webb – who remains at the firm as a Director in Oundle.

Mitchell became a Partner in 1992 and a Director in 2014 when the firm incorporated and relocated to the Peterborough office this year, having also spent 12 and 10 years at its Huntingdon and Wisbech offices respectively.

Mitchell spoke about reaching 25 years' service: "A lot has changed in my time here; of course the biggest thing is technology. In my early career a lot of my work was heavy analysis and the time that is saved now thanks to computers is extraordinary – the next step is cloud accounting and the prospects there are really exciting.

"Working across a number of our offices over the years has given me a great appreciation of the talent, expertise and personalities that are working here – from young and ambitious accountants and managers, to those of us who have been around a little longer!

"It's great to celebrate 25 years at Bulley Davey and for me the greatest benefit of these years is that a lot of clients become good friends; that relationship and trust is key in my role and I look forward to seeing where both this firm and the industry goes in the coming years."

Stamford office move

We have marked two years in Stamford with a move to a new, larger office in the listed Willoughby House in Stamford.

The firm opened its first office in Stamford in St Mary's Hill in April 2015. The move follows a successful year for the firm with recent additions being made to the Stamford team including Julia Peach, who was a top five bank analyst in the City of London, to Bulley Davey Wealth Management.

The move also means that the accountancy and wealth management arms of the business will be able to operate under one roof with a permanent base in Stamford.

Keir Warwick, Director, spoke about the move: "We're really excited to have moved to Willoughby House - we've been lucky enough to have welcomed really exciting additions to Bulley Davey in recent months, including Julia as part of the office in Stamford. This is a beautiful building and marks the continued success of the company, both within Stamford and as a whole."



Julia Peach, Independent Financial Adviser at Bulley Davey Wealth Management, added: "I couldn't wait to be under the same roof as my new colleagues. When I joined Bulley Davey recently it was because of their ambition, their dedication to their clients and their desire to deliver quality personal service. This team expansion is an indication of our desire to operate at the highest level – it's exciting to think about what the future holds."

Accidentally becoming a landlord

You may not think of yourself as a landlord - but do HMRC?

From time to time, HMRC run campaigns targeted at specific business sectors to help people bring their tax affairs up to date if they have inadvertently fallen outside the rules. At present, they are running a let property campaign, aimed at individual landlords letting out residential property abroad or in the UK, and recent guidance shows some of the ways that landlords can sometimes make mistakes goo.gl/hTFbX5

One of the most common mistakes is that people simply don't think of themselves as landlords. This can happen when someone inherits a property and then lets it out, or if they move in with a partner and then rent out their old house, or rent out a flat just to cover the mortgage payments. In fact, each of these scenarios means that HMRC need to be put in the picture, and the rental income could be liable to tax.

Other problem areas reported by HMRC are, for instance, property bought as an investment and rented out, and divorce situations where the matrimonial home is rented out and both partners move elsewhere. Difficulties are recorded where people relocate for work and rent out their house, or move into a care home and let out a house to help pay for care home fees. Issues can also arise with jointly-owned investment property, or when purchasing a property for a child at university, where other students also live there and pay rent on an informal basis. Members of the Armed Forces posted abroad, who let out a home in the UK, and people living in tied accommodation who let out a house, can also run into problems.

But it's not all bad news. One plus point for individuals (but not partnerships) letting out property on a small scale is the introduction of a new allowance - the property allowance - from 6 April 2017. There has been quite wide-scale coverage of this in the media earlier in the year. However, the allowance only gives relief for income of up to £1,000 in the tax year.

There can be unforeseen pitfalls - and tax planning possibilities - when letting out property. Please do talk to us if we can be of help in this area.

National Minimum Wage - where are we now?

Falling foul of the National Minimum Wage rules can be expensive - as well as having serious implications for employer reputation. Many firms have been named and shamed for getting it wrong - are you compliant?

Employer errors

The National Minimum Wage (NMW) keeps appearing in the headlines. Recently the Department for Business, Energy and Industrial Strategy (BEIS) announced that some 230 employers had been named and shamed for failing to pay NMW and National Living Wage (NLW). The retail, hairdressing and hospitality sectors were among the most non-compliant. Because of BEIS intervention, more than 13,000 low-paid employees were due to receive £2 million in back pay.

But the final price tag for employers who hadn't kept the rules was much higher. Between them, they were also fined a record £1.9 million. Business Minister Margot James said there was a clear message to employers. 'The government will come down hard on those who break the law.'

BEIS report that common employer errors include deducting money from employees to pay for uniforms, not accounting for overtime and wrongly paying apprentice rates to workers. So, what is the latest on NMW and how do employers keep on the right side of the law?

NMW and NLW - the basics

NMW is the least pay per hour most workers are entitled to by law. The rate is based on a worker's age and whether they are an apprentice. NLW applies to working people aged 25 and over. From 1 April 2017, the rate ranges from £7.50 per hour for those aged 25 and over, to £3.50 per hour for apprentices under 19, or for those aged 19 or over who are in the first year of an apprenticeship. Changes to NLW rates are in the pipeline from April 2018, so employers may need to plan for these now.

NMW/NLW rates are reviewed by the Low Pay Commission, but it is HMRC who police the system. Employers can be faced with court action if they don't pay NMW/NLW. Penalties for non-compliance stand at 200% of the back pay due to workers. The maximum penalty per worker is £20,000. There is a provision to reduce a penalty by half if unpaid wages and penalty are both paid within 14 days.

Not everyone qualifies for the NMW/NLW. These include people who are self-employed: volunteers: company directors: family members, or people who live with an employer and carry out household tasks eg au pairs.

But most other workers are entitled to NMW/NLW, including pieceworkers, home workers, agency workers, commission workers, part-time workers and casual workers. There are also rules regarding agricultural and horticultural workers, with slightly different small print for England, Scotland and Wales.

In calculating pay for minimum wage purposes, the starting point is total pay in a pay reference period - before deducting income tax and National Insurance. Some payments are not included, such as loans and pension payments.

To add to the complexity, there is also something called the Living Wage, which is an hourly pay rate, set independently by the Living Wage Foundation. This isn't anything to do with the government, and any employer who pays this does so entirely voluntarily.

Latest guidance: social care workers

HMRC have updated their guidance to clarify how NMW applies in the social care sector for workers carrying out 'sleepover shifts', following confusion over whether such shifts qualified for NMW. BEIS had suggested sleepover shifts carried out before 26 July 2017 qualified for a flat rate allowance, not NMW. But the decision is that NMW does apply, and applies retrospectively.

This could have left employers with bills of up to six years in back pay and penalties. But from 26 July, enforcement activity for sleepover shift pay is suspended until November, with retrospective penalties for sleepover shifts before 26 July 2017 waived. The actual back pay is still due, unless employers can show they can't pay. Although it is envisaged that underpayments will be pursued from this date, the government says it is committed to minimising the impact of future minimum wage enforcement in the social care sector.

As part of our payroll service we keep on top of the latest legislation and HMRC requirements so you do not have to worry about missing important deadlines and changing employee regulations. Visit our website for more details on how we can help.



Do you have a relationship with your payroll expert?

Payroll is a fundamental part of the modern business, and the areas that it now encompasses are growing – from tax and more recently auto-enrolment; to childcare vouchers, apprenticeship levies and student loan deductions. This makes keeping it in check an increasingly time-consuming, but important, task and as a result many businesses look to external experts to handle the payroll process.

But are you getting the most out of your payroll expert and the process as a whole? Rachel Impey, Payroll Manager at Bulley Davey, offers the following on why payroll is so important, and why establishing a strong relationship with your payroll expert could have real benefits:



“With the growth in the scope of payroll, the government has become increasingly stringent on enforcing compliance charges for those who report their payroll late or inaccurately. Depending on the size of your company this could begin at £400 a month for a late or inaccurate payroll report. Similarly, in the case of auto-enrolment, this could result in charges of £50 - £10,000 a day if you continuously fail to report.

“While understanding these compliance factors is crucial, there are actually a lot more benefits to having your payroll organised and handled by an external expert – most prominently of course is simply reassurance and peace of mind that you’re not going to have HMRC chasing you! However that reassurance also extends to knowing your reporting is being organised and analysed by people with the knowledge of each element, be it auto-enrolment or student-loans, as well as any changes to the law.

“Unfortunately many businesses, while being compliant, simply see payroll as standard practice and so don’t get the most out of the process. For this same reason some businesses will use bureaus to

report their payroll – these are semi-automated services, with no single point of contact, and here is where many business owners could be missing an opportunity.

“We believe that the relationship with your payroll expert is potentially the most trusted and long-standing relationship you’ll ever have. That’s why having this relationship be personal and human is beneficial – because a personal service ensures a quick response and in payroll those compliance charges are proof that quick turnaround is important.

“We are lucky at Bulley Davey to have a number of different disciplines and areas of expertise under one roof. This means that should we see, for example, the benefits of you having better management and oversight of your finances, then we can put you in touch with our wealth management team. This same process extends to cloud accounting, employer pensions and more.

“The way we work means having a single point of contact over time allows us to slowly and continuously be tailored to you and your business – what works for you? What doesn’t? – there is also a support network behind that contact who you get to know as well, which means you can rest knowing that should your contact be away, there is experienced cover who can help and understand the context of your business and situation.

“Having this network extends to proactively identifying problems and issues – which is where a bureau, for example, can often fall short. We can spot where there may be gaps, or anomalies based on previous reports; then call you and sort it straight away – allowing us to work well alongside your office management team, saving them time and you money in avoided HMRC charges!”

For more information on our payroll services, visit our website.

When an employee is in crisis

Research suggests that one in ten employees is likely to be affected by bereavement at any given time. This can have many knock-on consequences in the workplace. Staff may need to take time off unexpectedly, find that their performance is affected, or be temporarily unable to carry out some roles. The law in this area is changing. What do you need to know?

Employment Rights Act

The Employment Rights Act is the law currently governing this area. It gives employees the right to take a ‘reasonable’ amount of *unpaid* time off in the event of an emergency involving a dependant. This includes making arrangements on the death of a dependant, and is likely to be agreed between employer and employee on an ad hoc basis. What is ‘reasonable’ in this context

is not defined in the legislation, and the involvement of Acas or an employment tribunal would be a last resort here.

New legislation

The new, government sponsored, Parental Bereavement (Pay and Leave) Bill got its second reading in Parliament this autumn, and will change the law here. It will provide *paid* leave for bereaved parents for the very first time. The Bill’s sponsor, Kevin Hollinrake MP, commented ‘This is such an important Bill for parents going through the most terrible of times. There is little any of us can do to help, but at least we can make sure that every employer will give them time to grieve.’

In the meanwhile, employers can visit the Acas good practice guide for helpful guidance in this area. goo.gl/aadWNO

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Making Tax Digital - plans for VAT

Earlier this year, the government announced that businesses operating above the VAT-registration threshold, (currently £85,000), would be the first to enter the new Making Tax Digital (MTD) regime.

Now there are indications as to what such businesses will have to do to comply, and when. The detailed rules should be in place by April 2018, with a view to a start date of 1 April 2019. Much work will be going on at HMRC and the software houses to get the scheme off to a smooth start.

Digital records

From 1 April 2019, businesses over the VAT threshold will be obliged to keep digital records and use MTD functional compatible software to give the information for their VAT returns to HMRC. They will have to preserve records in digital form for up to six years.

Software must be able to connect to HMRC via an Application Programming Interface, creating VAT returns and supplying HMRC with information digitally. HMRC are looking to harvest data on a voluntary basis as well, so they can monitor compliance, and also to provide information from their end. Business software would therefore need to be capable of accommodating this two-way information flow.

Supplying HMRC with quarterly information is one of the cornerstones of the MTD regime. But though VAT-registered businesses already supply quarterly VAT information, it isn't always an entirely digital operation. Many businesses use spreadsheets to submit returns, and HMRC may underestimate the change needed. HMRC state that the VAT account will link the underlying records and VAT return, but should a business use more than one software system, or spreadsheets, there could be complications. Add-on submission software will be needed for businesses using spreadsheets.

There are some exemptions from the requirement to keep digital records. These broadly follow those currently in place with regard to electronic VAT returns, covering members of religious societies, insolvent businesses, and those who 'for reasons of disability, age, remoteness of location, or any other reason' are not required to make an electronic return. A right of appeal is allowed if HMRC refuse exemption.

Businesses will have to keep and preserve what is called 'designatory data' digitally. This includes business name, principal place of business and VAT registration number,

and information about any VAT scheme used: the VAT account, and information about supplies made and received.

Schemes and returns

HMRC say, 'The information contained with the VAT return will be generated by pulling information from the digital records. This information will contain as a minimum the nine boxes required for the VAT return, but can also contain a specific data set of supplementary information - all of which will be pulled from the digital records. The procedure to correct errors will mostly be as at present.

Any business currently submitting monthly returns will continue to do so, as will any business submitting non standard returns. Users of the annual accounting scheme will be able to continue to do so. But the requirements for digital record keeping and submission will apply in these cases. Retail scheme users will be allowed to record electronically sales transaction data based on daily gross takings - rather than having to record details of each sale. For those using the Flat Rate Scheme, digital record keeping requirements will 'mirror' current record keeping requirements.

There will also be the facility for businesses to submit VAT information more often than the VAT return cycle requires, for example to keep HMRC informed of a change in circumstances. In the long run, HMRC are still looking to a scenario where income tax updates are made quarterly and digitally, and this is really what the VAT provisions anticipate.

Monitoring your VAT position

With Vat about to be linked to a new digital record keeping regime, it will be more important than ever to monitor business turnover to see if there is a need to register for VAT, as a business operating over the VAT threshold will enter a more complex regime. The requisite software is not yet available, but as we move towards MTD, many businesses may need guidance to make sure their systems are compliant. We will be happy to advise you on why cloud accounting is a perfect match for the new MTD regime.

Visit the Cloud page on our website to get in touch with one of our Cloud Champions.