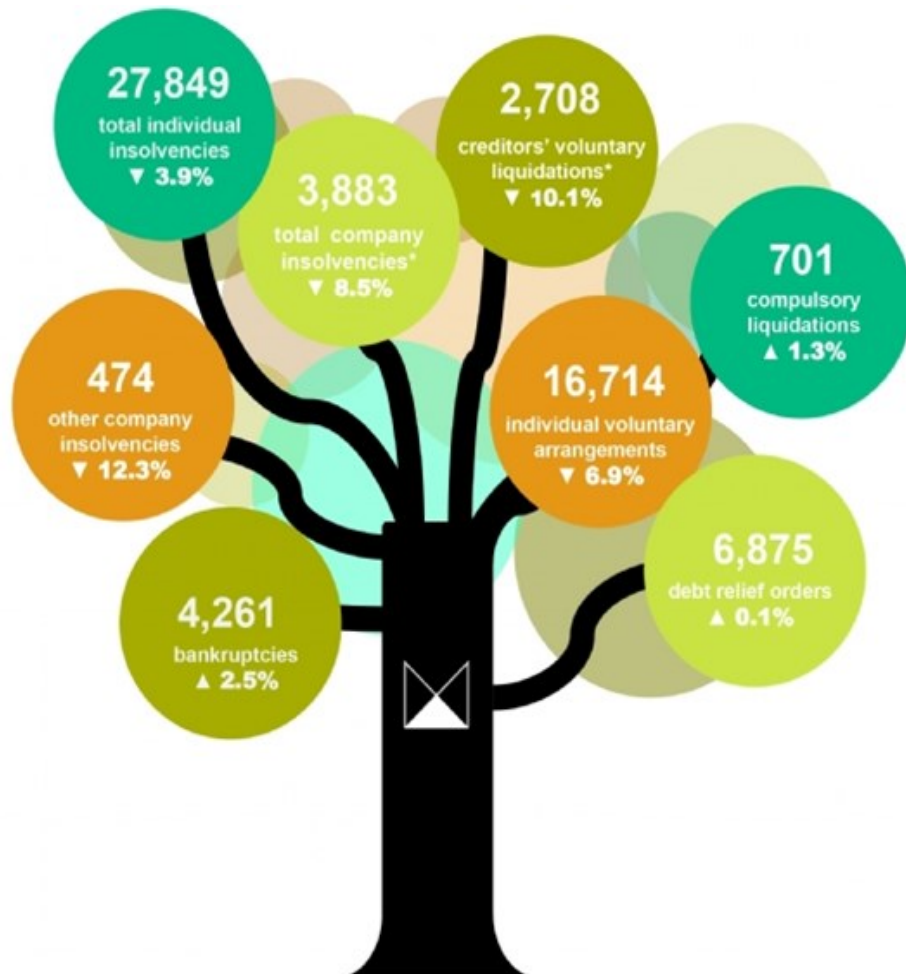


Fewer insolvencies in run-up to Coronavirus pandemic

Company insolvencies decreased by 8.5% in the first quarter of 2020 compared to Q4 2019.

This was mainly driven by a decrease in company voluntary liquidations. The construction industry had the highest number of insolvencies in the 12 months ending Q1 2020. It remains one of the sectors under immense pressure while the UK remains on lockdown.

Individual insolvencies also saw a drop of 3.9% compared to last quarter, although overall levels remain high. The impact of the Coronavirus pandemic will not be visible until the next quarter's statistics are released.



Oakwood Reminder



July 2020

Business is great but we are always looking for more.
Please pass on this newsletter to any one you feel may benefit.

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EDITORIAL



Well how do I start this? We hope you are all well and coping with the present situation as it is!

I don't think of it as an exaggeration to say everyone's lives have changed over the last three months, whether that has been total isolation because of age and health, if it is has been redundancy, furlough or working from home. Whatever, it has been a life changing experience for all of us, in one way or another.

For the office, the first big event was moving premises on 2 April- only a hundred yards, but the removal men were very good and just picked everything up and walked it up to Honeygreen Barn! Secondly, it was that everyone worked from home except for Gordon and I, we live only half a mile away and we could self isolate that way! Through the first couple of weeks, we concentrated on keeping you all informed of what was available for you to claim, loans, rates grants, furlough letters etc., We dealt with over 1000 emails between 4 of us over each week for about 3 weeks. Jozef, Camilla, Victoria and I kept you all informed by updating the website, by emails and talking to those of you requiring direct advice and we are still here for you. All of these services were free and remain free and it has only been where you have required us to act on your behalf with claims and grant applications etc., we have made any charges.

Like most businesses, our income dropped off a cliff but I must thank each one of you who pay by monthly standing order, not one of you has cancelled. We have recovered now in that, again like other businesses, we have taken advantage of a business loan, to see us through. Thanks to our personal clients who rose to the occasion to let us have their records nice and early so we could prepare and submit their tax returns straightaway, freeing up our time for later in the year to help other businesses recovering with their records and accounts as well. Personally, you will find me still at my desk early each day but I'm taking Fridays off as part of my life change because of the virus.



As part of the government's support for businesses during COVID-19, HMRC gave businesses the option of deferring their VAT payments if they were unable to pay on time, without incurring late payment interest or penalties.

Payment of VAT falling due between 20 March and 30 June 2020 can be deferred until 31 March 2021.

You must continue to file your VAT return on time, even if you defer payment.

The option to defer paying VAT ends on 30 June 2020.

This means that VAT returns with a payment due date after 30 June must be paid in full, on time.

If you haven't deferred any VAT payments, you don't need to take any further action.

If you have deferred paying your VAT and normally pay by Direct Debit you should now reinstate it.

You should do this at least three working days before submitting your VAT return in order for HMRC to take payment. For further details go to GOV.UK and search for 'Pay your VAT bill'.

Everything you need to know is on GOV.UK.

Remember, any VAT payments you have deferred during this period should be paid in full on or before 31 March 2021. You can make ad hoc payments or additional payments with your subsequent VAT returns to reduce the amount outstanding, if you wish.

If you're unable to pay the VAT due and need additional time to pay, please contact HMRC before the payment is due. For help go to GOV.UK and search for 'If you cannot pay your tax bill on time', or call 0300 200 3835. If you do call, please quote 'V1'.

For advice and information on other support available, please go to GOV.UK and search 'Business support' or call us on 01483 276100

The UK's new immigration system



From 1 January 2021, free movement within the EU will end and the UK will introduce a points-based immigration system. The new system will treat EU and non-EU citizens equally and it will transform the way in which all migrants come to the UK to work.

The Government understands this is a very challenging time for businesses; the coronavirus pandemic is the biggest crisis we have faced in our lifetime. As the economic recovery gathers pace, the new points-based system is a vital part of the Government's wider plan to rebuild the economy and drive the whole country forward.

This will mean changes for businesses.

That is why the Government is providing certainty on the new system now and continuing to work extensively with businesses to understand your needs. A guide for employers on the new system has already been published and further support will be provided throughout the year.

Preparing for the new system From 1 January 2021, anyone coming to the UK to work will need to have a job offer from an approved employer sponsor.

The job must be at the required skill and salary level, and the individual must speak English.

Employers who want to recruit workers from outside the UK's resident labour market from 1 January 2021 will need to become an approved sponsor.

You can apply online and the standard processing time for an application is usually 8 weeks. For further information, you can register to receive updates on the new immigration system as it becomes available.



This doesn't mean I'm any the less interested or not committed to the business and all our clients, far from it, I'm very much enjoying life and relishing work!

I hope the events of the last three months have given each one of you an opportunity to redress your work life balance and review how you want your life to be in the future.

Do make use of us if you have ideas or suggestions for changes and we will help wherever we can.

We are here for you and we appreciate everyone one of you, as we go through this continuing crisis together.

Introducing Betty



Betty joined our team on 29 May, all the way from Brighton.

She is appointed our new security officer but does seem to sleep a lot of the time.

Given a chance, she will attack your toes, shoes, trousers, laces and will lick you quite thoroughly! As a Jack Russell puppy, all of 14 weeks now, she still has lots to grow and lots to learn. You are all welcome to come and introduce yourselves and assist us with her social introductions but please don't expect social distancing from her!

Jane Briggs
FCPA

Oakwood, based in Astra House in Cranleigh, contacted us a while back when they were arranging a personal mortgage for one of our clients and on reflection, it seemed a good idea at least, to understand each other's businesses in case there were cross over circumstances where we can put work their way and they can put work our way. Our client confirmed she received a very good service from them and we ourselves, have invested in relevant life policies for a couple of our employees, sourced by Oakwood.

Relevant Life Plan – tax efficient life cover for your employees

Do you want to provide valuable life cover and financial security for your employees and your family in a tax efficient manner?
A Relevant Life Plan could be the answer.

What is it?

A Relevant Life Plan is an individual 'death in service' life policy that is effected by an employer on the life of an employee and is funded by the employer. It is a term assurance plan (with a specified end date) designed to pay a lump sum benefit if the employee covered dies or is diagnosed with a terminal illness during their employment, within the term of the plan. Relevant Life Plans are similar to most other types of life cover but can be a very useful tax efficient alternative providing valuable death in service benefits.

Added peace of mind

The unique way in which Relevant Life Plans work mean you can effectively have the taxman help pay for the cover. While the cover is personal to your employees, the policy counts as an allowable business expense for tax purposes and employer's payments do not count towards the employee's annual or lifetime pension allowances. In most cases, Relevant Life Plan premiums and paid benefits qualify for full Income Tax relief, National Insurance relief and Corporation Tax relief.

What can you save?

A Relevant Life Plan could result in savings for a business when compared with a typical life policy. Premiums could be reduced by up to 50% if you are a higher rate taxpayer and up to 40% for a basic rate taxpayer.

Six little stories with lots of meanings



- 1) Once all villagers decided to pray for rain. On the day of prayer, all the people gathered, but only one boy came with an umbrella.

This is faith.

- 2) When you throw babies in the air, they laugh because they know you will catch them.

That is trust.

- 3) Every night we go to bed without any assurance of being alive the next morning, but still we set the alarms to wake up.

This is hope.

- 4) We plan big things for tomorrow in spite of zero knowledge of the future.

This is confidence.

- 5) We see the world suffering, but still we get married and have children.

That is love.

- 6) On an old man's shirt was written a sentence "I am not 80 years old; I am sweet 16 with 64 years of experience".

That is attitude.

Have a happy day and live your life like these six stories.

Remember – Good friends are the rare jewels of life, difficult to find and impossible to replace!



Who's going to pay for my lunch today?

In the last edition, we outlined what you can claim with your business if you are self-employed, for travel and subsistence so this is for those of you who are directors of a limited company or a paid employee of a business.

As a sole director of your own company, you invariably start work from home. You may have a dedicated office, where you do most or some of the work and then you go out and visit clients, meet customers, go into 'Town' etc.,

If your company has a contract for you to work at their premises five days a week, without fail, that place is your permanent place of work and the cost of travel to and from that place is a private expense.

If the contract is silent and you work from home sometimes and go to their premises occasionally or irregularly, then your place of work is home and the trips to the client are business mileage.

If you use your own car, clock the mileage and claim back from the business. Please do not buy fuel through the business, this opens you to a taxable benefit of the company providing you with fuel that you will use privately or cannot account for as business related!

If you leave home (office) to go to a client or out to a customer, if you are away for more than five hours at a distance of more than five miles, you can claim lunch as an expense- either an allowance of around £6 per day or receipted expenses instead.

If you take someone out to lunch your part could be subsistence and theirs is probably going to be classified as entertainment! If you leave home before 6a.m., then breakfast is expensed to the company and if you are still working beyond 8p.m. then an evening meal is allowable.

If you are away overnight, accommodation is allowable, incidental expenses of £5 per night are also allowable to cover things like newspapers, laundry etc.,

Now don't get me started on entertainment and VAT being allowable or not on these expenses, that is yet another ball game and one for another day!



This information is based on our understanding of current legislation, taxation law and practice, which may change.

The value of any tax relief depends on the individual circumstances of the investor.

HM Revenue and Customs practice and the law relating to taxation are complex and subject to individual circumstances and changes that cannot be foreseen.

For further information, please contact Dave Pearn at Oakwood Mortgage Services at david@oakwoodms.co.uk



Deferring Self Assessment payments on account

If you make Self Assessment payments on account and are due to make a payment in July 2020, then you have the option to defer payment until January 2021.

If you are in financial difficulty as a result of COVID-19 and you chose to defer, then you simply don't pay the amount due in July. There isn't an application process – if HMRC don't receive your payment they will automatically treat it as a deferral.

You should remember to cancel any direct debit payments you've set up so you don't pay HMRC accidentally. You will not be charged interest or penalties on deferred payments, provided it is paid in full by 31 January 2021.

If you are in financial difficulty due to COVID-19 then you have the option to pay the deferred amount: • as one payment between July and 31 January 2021; or • by instalments.

You can find out more about the deferral, as well as information on paying in instalments or making a full payment in the new guidance on Self Assessment deferral on GOV.UK.

WHO AM I



By Emma

We had quite a reaction to our last Reminder article on travel and subsistence for sole traders- the question was- what am I?

You are a sole trader if you are self-employed and work for yourself.

You pay tax and Class 4 and Class 2 NIC through your self-assessment tax return.

If you apply for a mortgage, the lender wants to know your taxable income (profit of the business) to work out what they can lend you.

You are not a sole trader if you are a director of a limited company, even though you will be working for yourself and not 'employed' by someone else! You will be the responsible officer of the company as a director- and an employee when you actually do work for the company rather than 'run' the company.

So you can be three things, a director, an employee and a limited company! The limited company is considered a separate entity in itself and pays corporation tax on its profits, the directors/shareholders usually draw a small salary and the rest of their income via the dividend route.

When sourcing a mortgage, if you are the only director and shareholder, lenders may still consider you to be self-employed!

They may look at the tradability of the company but will be more interested in the salary and dividends you derive from the company instead of the profit of the business itself! So whilst it is useful to build up a good reserve of funds within a limited company, because that is what is needed if you want to borrow from the bank or raise finance etc., However if you want a personal mortgage, you need to take as much out of the company in dividends to maximise your 'earnings' for lending purposes!

Self Employed Income support scheme

The second and final Self Employed Income Support Scheme grant will be available from August 17th.

You will have to be able to confirm that your business has been adversely effected by COVID-19 on or after July 14th.

To qualify as 'adversely affected' could mean as little as having to purchase PPE.

The second grant will be a taxable grant worth 70% of your average monthly trading profits, paid out in a single instalment and capped at £6,570 in total.

You can apply for the grant even if you didn't apply for the first.

HMRC will decide if an individual is eligible in the same way as before.



Joke Time



What is the definition of "accountant"?

Someone who solves a problem you didn't know you had in a way you don't understand.

How do you know when an accountant is on holiday?

He doesn't wear a tie and comes in after 8am!