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**Perrys**  
CHARTERED ACCOUNTANTS

# EXCEPTIONAL TIMES

MARCH 2021

## OPENING SOON

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- STAMP DUTY HOLIDAY EXTENDED UNTIL JUNE
- GET PREPARED FOR MTD FOR INCOME TAX
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## **Save the new date for our annual Charity Golf Day!**

Our Annual Charity Golf Day, which was due to take place in June, has been postponed until Thursday 30 September. If you have already bought tickets for this event, these will automatically be moved to the new date. For those who haven't yet bought tickets, and would like to join us, there is still time to get involved.

Golfers of all abilities are welcome to take part and the competition, which will take place at Dale Hill Hotel and Golf Club in East Sussex, is open to individuals, pairs or four ball teams.

Tickets cost £99 per person and include full English breakfast, an 18-hole round of golf, entry into the hole-in-one competition and a three course dinner. For more information, or to register, please email Katherine Cheung, [cheung@perry-company.co.uk](mailto:cheung@perry-company.co.uk), or call **01892 543900**. All funds raised will go to the charity, Family Matters.

# Welcome to The Exceptional Times March 2021

Welcome to our digital edition of The Exceptional Times. Every quarter, we will be bringing you our latest articles and useful information from the world of accountancy to support your business and help you grow. In this edition we outline our views from the Chancellor's latest budget, discuss Making Tax Digital for Income Tax and hear from our expert, who explains why you should ensure your Will is up to date.



**Stewart Pope**  
CEO



## Budget 2021

Chancellor Rishi Sunak delivered his first budget since the pandemic started on 3 March. Here's what our tax specialist and Partner at Tunbridge Wells, Craig Harman, had to say:

Unsurprisingly, this was one of the more memorable budgets in recent history and it will take some time to go through the detail.

It was widely anticipated that the current coronavirus support measures would be extended to coincide with the road map for the lifting of restrictions. However, the extension went much further than expected with the majority of the measures now running to the end of September. This will be welcome news to individuals and businesses struggling financially due to the impact of COVID-19 and will provide greater certainty if the lockdown isn't eased as quickly as anticipated. In addition, further grants and loans were announced to provide a much needed boost to closed businesses once they can reopen.

As expected, part of the budget also focused on how these support measures would be paid for in the future and included two key tax rises.

### Personal Tax Allowance updates

The first announcement was that the personal allowance and higher rate tax threshold would be frozen from 2022 to 2026. Although income tax rates will remain constant (in accordance with the Conservative manifesto), taxpayers will find their tax liability increasing as their income rises. Such a move could be referred to as a stealth tax. However, in fairness to the Chancellor, he was very open about the impact this would have.

### Corporation Tax Rate increases

Secondly, the corporation tax rate will increase from 19% to 25% in April 2023. The fact that there was an increase didn't come as any surprise. However, the level of the increase did. To soften the blow, the increased rate will be tapered so that only companies with profits of more

than £250,000 will be taxed at the full 25% rate. Those with profits of less than £50,000 will continue to pay the current 19% rate.

In the meantime, further incentives have been announced for companies by allowing a 130% super-deduction for capital expenditure and the more flexible use of losses.

Clamping down on tax evasion has been a clear target of the government over the past few years and this is set to continue with resources allocated for a new Taxpayer Protection Taskforce.

**If you have any questions or concerns about the recent budget, please get in touch with your local Perrys branch and our team will be happy to help.**



# Stamp Duty holiday extended until June

Property purchasers across the country were delighted to hear Chancellor Rishi Sunak announce in his recent budget that the stamp duty holiday was being extended until the end of June.

Those purchasing properties in England and Northern Ireland will not be required to pay stamp duty on the first £500,000. Once the freeze ends on 30 June, the nil rate band will be set to £250,000 – double the standard level – until 30 September. After this the nil rate band will resume at the usual level of £125,000.



## Get prepared for MTD for Income Tax



**Making Tax Digital (MTD) was launched by HMRC in 2015 to streamline the tax system and make it more efficient for businesses and individuals. From 6 April 2023, self-employed individuals and landlords with an annual business or property income of more than £10,000 will be required to submit their income tax information using the new system. Small businesses that haven't yet transferred to the MTD system, will also need to sign up for MTD for VAT by April 2022.**

Here, Victoria Pearson, Partner and our MTD specialist, provides information and advice for businesses transferring to the new system.

### Why should you prepare now?

Preparation is key to ensuring you fully understand the requirements. Allowing yourself plenty of time to understand what's involved will ensure you aren't left struggling to solve issues at the last minute. This is an important time for considering your options, including investing in suitable accountancy software, and ensuring the burden of MTD reporting is greatly reduced.

### What is involved in MTD for Income Tax?

Under MTD for Income Tax, it is proposed that the self-assessment tax return will be replaced with five new reporting obligations made during and after the tax year. Updates will need to be sent to HMRC quarterly showing your business income and expenses. A fifth and final report will then be required to finalise the business income and expenditure in a declaration. This will be similar to the current annual self-assessment tax return.

### What if I haven't yet transferred to MTD for VAT?

If you are a VAT-registered business with a taxable turnover below the current annual VAT-threshold of £85,000 then it will be mandatory for you to start filing your VAT returns using the MTD for VAT system from 1 April 2022. You will need to sign up to MTD for VAT, which you can do on HMRC's website using your current Government Gateway ID and login details, and you will need to have MTD compatible software.

**If you have any questions or need help with Making Tax Digital, please get in touch with your local Perrys branch and our team will be happy to help.**



# Petition for Divorce

## Getting divorced? Here's how a forensic accountant can ensure you don't lose thousands

There are more than 90,000 divorces each year in the UK, each costing approximately £14,000 in fees on average. However, it is also estimated that many divorcees could be losing out on thousands of pounds in cash and other assets due to unreliable figures and information that is hidden by the other party.

Here, our Partner, Steve Hale, explains that although fraud in divorce is rare, many assets can be hidden. He said:

***“Assets include things such as cash, bonds, insurance policies, stocks and annuities. If one spouse has a greater knowledge of the marriage's overall financial position, then it is easier for them to hide this information from the other person.”***

### What are the red flags for dishonesty in divorce?

These are some of the ways to spot whether your spouse might be trying to hide information from you:

1. They've changed information on joint accounts without your knowledge – for example, updating passwords
2. Unexpected or unexplained cash withdrawals
3. Loaning or giving away money to family and friends, especially if the amount is large
4. Transferring property or assets to family members without a genuine reason
5. A 'sudden' drop in income
6. If your spouse has their own business and suddenly declares a reduction in the value of the business or changes its structure

**However, while you might suspect your spouse of being dishonest, it could be difficult to prove anything without the help of a forensic accountant.**

### What is a forensic accountant?

***“A forensic accountant analyses financial documents to uncover discrepancies or hidden assets and ensure that there is a fair financial distribution in a divorce,” says Steve. “This could include exposing unrelated businesses that have been set up to conceal incomes, uncovering overstated liabilities or revealing that profits have been downplayed.”***

Following an investigation, a forensic accountant will provide their findings to a divorce solicitor so that these can be looked at in further detail.

However, forensic accountants aren't just for determining whether a spouse is acting fraudulently in a divorce. They can also be used to provide professional valuations on assets and income, determine the correct child support amount, perform business valuations and assist solicitors in finding out other information necessary for ensuring an equitable outcome. Steve added:

***“The important thing with any divorce, especially ones involving high net worth individuals, is to ensure that financial information is current and correct. This is the only way to guarantee that there is a fair and reasonable settlement for both parties.”***

# Survey by Perrys reveals 40% have considered starting a business in the last six months



A survey carried out by Perrys has revealed that 40% of people considered starting a business in the six months between June and December 2020. However, it also found that 38% would be put off by having limited knowledge of how a business is run.

The survey of 1,000 people, which was conducted by Perrys Chartered Accountants to raise awareness of the lack of support for small and medium start-ups, also revealed that nearly a third (31%) would look to start a business in online retail, while 28% would start a company offering professional services. Food and drink was also a top choice with 18% saying that starting a business in the sector would be of most interest to them. Londoners are most likely to venture into a new business while those in the North East and Yorkshire were less inclined to invest in a start-up.

Our Partner, Steve Hale, said:

*"While there is support in the form of government incentives and other services for start-up businesses, many people hoping to invest in a new venture are often in the dark when it comes to the basics and lack the right type of help, advice and support."*

*"The UK is heavily reliant on SMEs and start-up businesses for income and employment. Their presence will be even more important now we've left the EU so it makes sense that there should be more investment in helping start-ups to get up and running in the best possible way from the outset."*

*"However, we also know that 60% of businesses will fail in the first three years because of a lack of understanding of basic business concepts. One way we are tackling this is by providing start-up businesses with free, informal meetings offering useful advice to help them succeed."*

If you would like to benefit from our Get Up and Grow™ initiative, you can arrange a FREE initial consultation by calling us FREE on 0800 0191 451.

## Perrys' Get Up and Grow™ scheme

The scheme is completely free of charge for start-up businesses. Offered as an informal, no obligation meeting, new businesses will be provided with a wealth of valuable information covering accountancy, bookkeeping and a range of other aspects that should be considered to successfully grow a business.

Steve added:

*"We believe with the right help and support more people will be prepared to invest in a start-up business and, if they do, they will have a better chance of long term and sustained success."*





# Ask the Expert – Why have a Will?

**David Brown, our Tax and Probate Manager, explains why having a Will is so important.**

Here at Perrys we are often asked by clients why it is so important to have a Will. The simplest answer is that having a Will means you can remain in control of how your assets are administered after your death, including:

- **Who is appointed to deal with your estate**
- **Who gets what from your estate**
- **How much Inheritance Tax they will pay**
- **The protection of assets**
- **What will happen to your business**

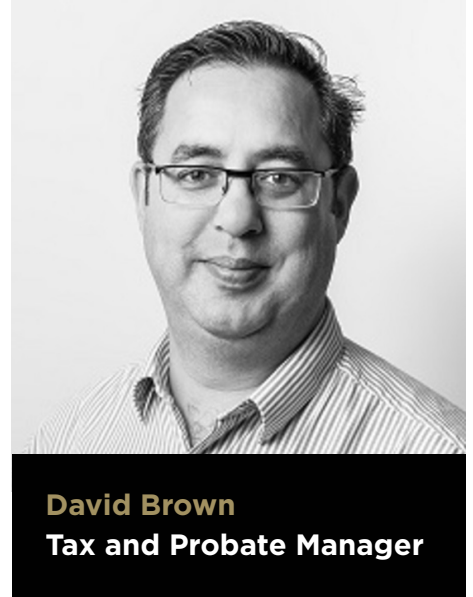
Let's take a look at these in a bit more detail ...

If you die without a valid Will in place you will die 'intestate'. This means that the courts will be required to appoint one or more administrators to deal with your estate. These administrators may not know anything about you, your family or your affairs and they will be able to charge your estate for the services they provide, reducing the amount available for distribution to your loved ones.

The rules of intestacy will dictate who gets what from your estate. Depending on the assets in your estate, this can leave behind difficult situations, such as your partner having to move out of the family home so it can be sold to pay the beneficiaries of your estate. Due to the way the rules of intestacy are applied, relatives that you may not have seen for years could be due an inheritance from you. Even having a basic Will allows you to pass your assets to whom you want.

If you have children who are minors, and are the only parent with parental responsibility, dying without a Will in place means your children will not have a legal guardian appointed for them. Many people think that if they have surviving family, they will automatically become the guardians for their children, but sadly this is not necessarily the case. In a Will you can appoint guardians of your choice and provide financially for them to look after your children if you are no longer alive.

**If you would like to find out more about how to prepare or update a Will, please get in touch with your local Perrys branch and our team will be happy to help.**



The rules of intestacy do not necessarily allow for your assets to be passed in a tax-efficient way. Therefore, when preparing a Will you can consider measures that will ensure that as much of your estate as possible ends up with your beneficiaries and not with the taxman.

If you run your own business and have a valid Will, you can appoint people to continue running it in your place if you die. Without a Will, your business could grind to a halt as there may be no one capable of signing off on deals, paying suppliers, paying staff or paying bills. With a Will, you can also ensure that the business is passed on to whomever you want.

In summary, the main reason to have a Will is to control your estate when you die. You decide who deals with your estate, who gets what from your estate and how they get it. You can also stop people getting anything from your estate if you don't think they should and you can make sure that if you have young children they are properly cared for. A Will allows you to ensure the tax man only gets the minimum amount of tax, if any at all, and that your business continues to operate after you've gone. A Will can even make sure your pets are taken care of!



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