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Perrys
CHARTERED ACCOUNTANTS

# EXCEPTIONAL TIMES

JUNE 2022

- SPRING STATEMENT UPDATE
- HMRC PHISHING SCAMS – HOW TO SPOT AND AVOID BOGUS COMMUNICATIONS
- A GUIDE TO TRUSTS AND TRUST PLANNING
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In this edition of the Exceptional Times...



# Welcome to The Exceptional Times June 2022

**Welcome to the latest edition of The Exceptional Times and my first foray into writing the foreword. I am honoured to be following in the footsteps of Stewart Pope and taking up the position of Perrys' Managing Partner.**

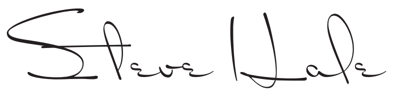
Stewart, who will be remaining at the practice short term on a consultancy basis, has been pivotal to the success of Perrys. I would like to personally thank him for his commitment to the business and everything he has achieved during his tenure. I am sure his time at the helm will leave a lasting legacy for many years to come.

There's been plenty to get excited about here at Perrys over the last few months. First, we were delighted to announce the merger with Tonbridge-based accountancy practice Gilbert Allen & Co in early March. A very warm welcome to the talented team who have an outstanding reputation for offering professional and skilled accountancy services. Our merger will mean Perrys' wide range of specialisms will be available to Gilbert Allen & Co's clients, while Perrys will benefit from the team's years of expertise. We look forward to continuing to serve clients from the Tonbridge office for many years to come.

We have also welcomed three new trainees to the Perrys family: Tejas Dooky to our West Malling office along with Oliver Duey and Ioannis Sklavenitis, who are both based at Wrotham.

Meanwhile, Holly Reeves, who joined our London office as a trainee in October 2018, has passed her final ACCA exam and is now a fully qualified certified accountant – congratulations, Holly!

For now, we hope you enjoy the latest edition of our Exceptional Times. If you have any questions, queries or need advice about any of the topics mentioned, please feel free to contact your local Perrys branch where our friendly team will be happy to help.



**Steve Hale**

Managing Partner Perrys

## OUR ANNUAL CHARITY GOLF DAY RAISES £5,500 FOR CHARITY

The winners, Team Mercer

**We were absolutely delighted to raise an amazing £5,500 at our Annual Charity Golf Day on 10 June. All funds raised will be donated to Family Matters to help survivors of childhood sexual abuse and rape.**

Hosted at Dale Hill Hotel and Golf Club in Ticehurst, the event saw 19 teams come together to compete for the top place. The day also included a three-course dinner and a raffle.

The winning team was announced as Team Mercer with 106 points, which was made up of Warren Lee, Jason Bedford, Paul Shields and Mark Henderson.

Congratulations to them on an excellent competition and thanks to everyone who supported us on the day and helped raise funds for such a worthy cause.

We look forward to welcoming players in 2023 for our 11th annual golf day – watch this space for more details and updates in the future!

# SPRING STATEMENT 2022


**Following the Chancellor's Spring Statement in March, we've listed below some of the most important takeaways that might affect you.**

**VAT** will be **reduced** from

## 5% to 0%

on **energy efficient household** changes (solar panels etc.)

It was confirmed that **the proposed**

## 1.25% NI

**rise** will apply from **April 2022**

From August 2022, the **National Insurance minimum threshold** will increase by

## £3,000 to £12,570

(in line with Income Tax) meaning some people **will pay less National Insurance**

There will be a cut of the **basic Income Tax rate** from

## 20% to 19%

by the end of the next Parliament in **December 2024** benefitting all people paying Income Tax - **helping workers, pensions and savings**

The **employment allowance** will be raised from

## £4,000 to £5,000

which will be a **benefit to most businesses**

Fuel duty **was cut by**

## 5p per litre

This will apply until **March 2023**

**The Chancellor is expected to deliver the next Budget in autumn 2022.**

**If you want to discuss any of the information from the most recent Spring Statement, please feel free to get in touch with your local Perrys branch.**

# HMRC phishing scams – how to spot and avoid bogus communications


**Fake emails, calls and messages suggesting they are from Her Majesty's Revenue & Customs (HMRC) have grown exponentially in the last five years with many people falling foul to fraudsters. Here, Perrys Chartered Accountants discusses the latest HMRC cyber scams doing the rounds and how to spot bogus communications.**

**In 2021, HMRC received more than 670,000 calls from individuals reporting tax scams. Despite a significant drop in reports to HMRC in recent months, statistics show that tax-related scams doubled during the pandemic and HMRC is still advising caution of any correspondence – particularly via text or email – implying it is from the tax authority.**

**Scams can come in many forms. However, the most common tactic used by fraudsters is contacting potential victims via automated messages. So, what should you look out for?**

## HMRC email scams

Phishing attacks aren't new, but the tactics employed by fraudsters have become increasingly sophisticated over the years with many able to replicate email addresses from authorities, such as HMRC, that on first glance look bona fide.

These attacks aim to extract personal information and data from an individual that enables fraudsters to steal identities, bank details and more.

One such campaign doing the rounds is an email telling customers that they are eligible to receive an employment income support scheme credit during the COVID-19 pandemic. If you receive such an email, you should not reply to it, click on any links in the email or open any attachments. You should also avoid disclosing any personal or payment information. Instead, report it immediately to HMRC by emailing it to **phishing@hmrc.gov.uk.**

## Fake tax rebates

Another common scam is the offer of a tax rebate either via text or email. HMRC will never contact anyone by text or email about tax rebates, so any messages received offering a refund will certainly be fake. If you receive any such message, do not reply but report it to HMRC by email and then delete it.

## Be wary of website links and malicious web pages

HMRC will never ask you to click on a link to complete your details online to receive a rebate.

Web pages can also be dangerous with many fake sites cloning or copying official pages from HMRC's website or claiming to be officially affiliated with the tax authority. To avoid being fooled by a fake website, always visit HMRC directly by typing the government's official URL **www.gov.uk** into your browser.

## HMRC text scams

HMRC will never ask for any personal or financial information when sending out texts. If you receive such a text, do not reply to it or open any links contained in the message. Instead, you can send any phishing text messages to HMRC using the text number 60599 or by emailing it to **phishing@hmrc.gov.uk.**

## HMRC phone scams

Phone scams are performed using a variety of methods and are often used to target elderly and vulnerable people.

A popular way for fraudsters to target potential victims is by using an automated message. HMRC is aware of a scam which tells the receiver that they are the subject of a lawsuit and to press 1 to speak to a caseworker to make a payment. This is false. If you receive such a call, you should end it immediately.

Other similar scams might refer to National Insurance number fraud or tax refunds and will ask you to supply bank or credit card information. If you are at all unsure, or you cannot verify the caller, hang up and report it to Action Fraud. When reporting phone scams, you should include the date of the call, the phone number used to contact you and what the call was about. You can also contact HMRC directly on its phone number 0300 200 3310 to verify the legitimacy of any calls you receive alleging to be from the authority.

## HMRC WhatsApp scams

HMRC will never use WhatsApp to contact customers about a tax refund. If you receive any such communication via WhatsApp saying it is from HMRC, you should report it immediately to HMRC and then delete it.

## HMRC social media scams

One of the most recent social media scams being used to con people is the distribution of direct messages via Twitter offering a tax refund. These messages are not genuine and HMRC will never use social media platforms, such as Twitter, Instagram, Facebook and LinkedIn, to offer tax rebates or request personal information. Ignore all such messages and report them to **phishing@hmrc.gov.uk** straight away.

## HMRC refund companies

Refund companies that send emails or texts advertising their services and offering to apply for a tax rebate on your behalf in return for a fee are not connected with HMRC in any way. Before using any such service, you should read the company's terms and conditions or disclaimers and think carefully before instructing them to assist you. If in doubt, contact a professional accountant for advice.

## HMRC customs duty scams

Changes officially introduced by HMRC on 1 January 2021 mean that some UK consumers buying goods from EU businesses might need to pay customs charges when their goods are delivered. This change in regulations has resulted in a surge of associated email and text scams asking for customs duty payments.

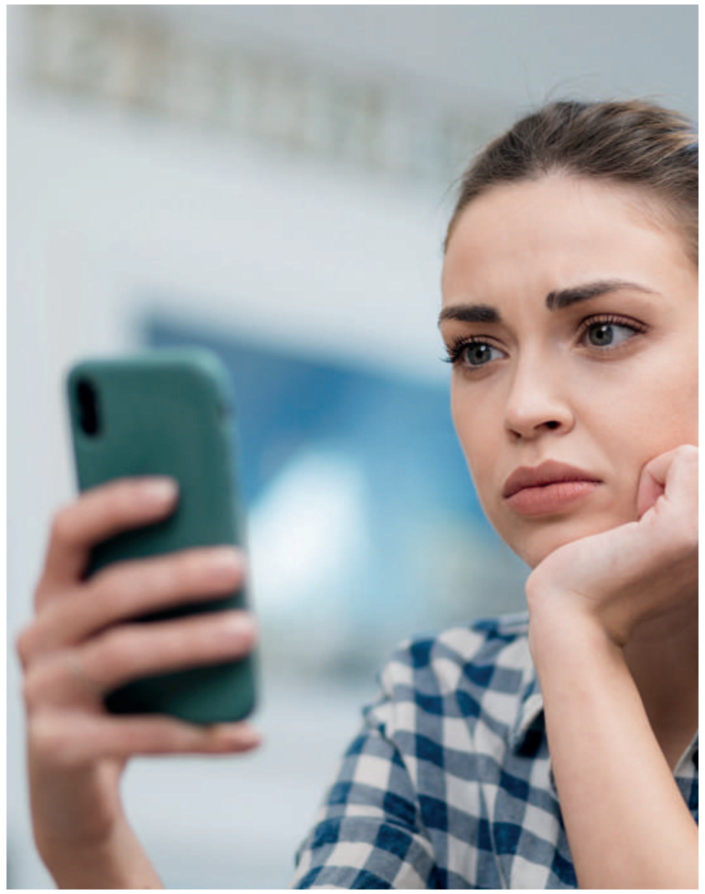
Customers are contacted via false emails or texts and told they must pay customs duty to receive a valuable parcel which doesn't exist. If you are not expecting any parcel or if you are in any doubt as to the authenticity of such messages, then do not reply. Instead, you should report any suspicious activity to HMRC immediately by emailing **phishing@hmrc.gov.uk.**

## University students taking part-time jobs

According to HMRC, undergraduates taking part-time jobs are at increased risk of falling victim to scams – particularly if they are new to interacting with the tax authority and unfamiliar with its processes.

Between April and May 2021, more than 5,000 phone scams were reported to HMRC by 18 to 24 year olds. The advice is to be wary if you are contacted out of the blue by someone asking for money or personal information.

> **We see high numbers of fraudsters contacting people claiming to be from HMRC. If in doubt, our advice is – do not reply directly to anything suspicious, but contact HMRC through GOV.UK straight away and search GOV.UK for 'HMRC scams'.**
>
> Mike Fell, Head of Cyber Security Operations



For further information and guidance about HMRC phishing scams, visit HMRC's official web page **www.gov.uk/topic/dealing-with-hmrc/phishing-scams.**

**If you want to discuss any of the information contained in this article, please feel free to get in touch with your local Perrys branch.**

# A Guide to Trusts and Trust Planning

**With numerous options available, trusts can be difficult to decipher and complex to plan. Here, Perrys Chartered Accountants provides a straightforward guide to trusts and trust planning.**

## What is a trust?

A trust is a legal relationship whereby assets, including money, investments, land or property, are placed under the control of a trustee for the benefit of one or more beneficiaries. They can be set up for a number of reasons, including controlling and protecting family assets, managing someone's affairs because they are too young or incapacitated, and passing on assets while alive or after you die (a 'will trust').

There are several different types of trust, so it is important to choose the correct version for your needs.

## Why set up a trust?

A trust can provide a tax efficient way to pass on your assets to your chosen beneficiaries (those who will benefit from the trust).

Setting up a trust will allow you to maintain control over assets. For example, the appointed trustees could decide how funds are invested, prevent certain assets from being sold and determine when and how any income is distributed to the intended beneficiary.

In addition, trusts can provide greater protection over assets compared with an outright gift to a beneficiary. For example, against divorce or bankruptcy.

## How do I set up a trust?

A trust can be set up at any time. This could either be in your lifetime or written into your Will. When a trust is included in a Will, the trustee is usually appointed as the executor of the Will as well. However, if you prefer to choose a different executor for your Will, then this is entirely at your discretion.

Trusts can generally be tailored to your individual requirements. It is highly recommended that you speak to a trust planning specialist who can help you with choosing the right solution to meet your needs.

## How do trusts help to reduce Inheritance Tax?

When assets are placed in a trust, they become the property of the trustee and you are no longer the owner. As such, provided the trust is drafted correctly, the assets may fall outside of your estate and, therefore, will not be subject to Inheritance Tax on your death.

A life insurance policy may be put in place to assist with paying Inheritance Tax, so beneficiaries do not have to sell assets to cover the liability. Placing the policy in trust can have several key benefits. Firstly, in the absence of a trust, on death the policy might pay out to your estate and therefore the proceeds would be taxable resulting in a higher Inheritance Tax bill. In addition, if the policy is written in trust, beneficiaries would be able to access the proceeds as soon as this is paid by the life insurance provider. Whereas the executors of your Will would be unable to access a policy held outside a trust until the grant of probate has been obtained.

Speaking to a trust planning specialist will ensure that your trust is set up correctly, meets your specific needs and your potential Inheritance Tax liability is minimised.


## What are the common types of trusts?

**There are a variety of different trusts which serve different purposes. The most common types of trust are listed below:**

### 1. Absolute or bare trusts

Assets in a bare trust are held in the name of a trustee. However, the beneficiary has the right to all the capital and income of the trust at any time if they're 18 or older (England and Wales). This means the assets set aside by the settlor will always go directly to the intended beneficiary.

Bare trusts are often used to pass assets on to minors with the trustee looking after them until the beneficiary is old enough.

### 2. Interest in possession trusts

These are trusts where the trustee must pass on all trust income to the beneficiary as it arises (less any expenses). An example of this would be creating a trust for a rental property. The terms of the trust state that, when you die, the rental income from the property will go to your spouse for the rest of their life. When your spouse dies, the property will pass to your children. Your spouse has an 'interest in possession' and would be entitled to the income. However, they are not entitled to the capital (the property). This can be a great option for ensuring a surviving relative has access to income or the use of an asset for their lifetime but, on their death, the capital value passes back to your intended beneficiaries.

### 3. Discretionary trusts

These trusts allow trustees to make certain decisions about how to use the trust income and capital.

Depending on the trust deed, trustees can decide things like what gets paid out (income or capital), which beneficiary to make payments to, how often payments are made and any conditions to impose on the beneficiaries.

Discretionary trusts are sometimes set up to put assets aside for a future need, such as a grandchild who may need more financial help than other beneficiaries or beneficiaries who are not capable or responsible enough to deal with money themselves.

Setting up a trust can be highly complex. Therefore, it is strongly recommended that you speak to a qualified trust planning specialist who will be able to help you navigate the legalities and choose the right trust for you.

If you want to discuss any of the information contained in this article, please feel free to get in touch with your local Perrys branch.

# 6 ways To ensure you aren't paying too much tax

**With the average British household now paying £1.1 million in taxes over their lifetime, Perrys Chartered Accountants provides its six top tips to make sure you aren't overpaying.**


## 1 Check your tax code

If you're a full or part-time employee you're likely to be paying tax via pay-as-you-earn (PAYE). This means your Income Tax is deducted at source and goes straight to HMRC. Your tax code is essentially a few numbers and a letter, for example 1257L, and it's shown on your payslip. Those few digits can make quite a difference to the amount of tax you're paying, and it's not uncommon for errors to creep in. For example, if you once had a company car with a fuel-guzzling engine but have switched to an eco-friendly model, your tax code should be adjusted to ensure you are paying less. If in doubt about your tax code, speak to your employer or call HMRC directly.

## 2 Claim allowable expenses

For self-employed workers, there are a host of allowable expenses that can help to bring your tax bill down. These expenses include office running costs, train fares and website fees, and should be taken off your overall profit, meaning you only pay tax on the amount left over after these costs.

## 3 Check if you're eligible for tax-free childcare

If you have children and pay for nursery, childminding, or wraparound care, you may be eligible for tax-free childcare. Under this scheme, the government will pay 20% towards your childcare costs up to a maximum of £2,000 per year, per eligible child. Tax-free childcare is just one of several childcare schemes available – working parents may also be eligible for varying amounts of free childcare and tax credits. Use the government's childcare calculator to find out which option is best for your family.

## 4 Pay into a pension

Most UK taxpayers get tax relief on the money they pay into a pension fund, which means the government tops up payments into your retirement savings pot. For basic rate taxpayers, the top-up is 20% - HMRC will add £20 for every £80 you pay into a pension fund. As well as this form of tax relief, saving for retirement can actually cut the annual tax bill for those earning over £100,000 a year. This is because the personal allowance (the tax-free annual earnings allowance currently set at £12,570) is gradually reduced by £1 for every £2 earned over £100,000. Pension contributions reduce your taxable income, so if these contributions keep your annual income below £100,000, you will benefit from the maximum level of personal allowance.

Paying more into a pension pot can have implications for child benefit, too. Currently, monthly child benefit payments are gradually reduced if the higher-earning parent receives over £50,000 annually, and by the time the income hits £60,000 any entitlement disappears completely. By paying more into a pension fund, it might be possible to keep your taxable salary just below £50,000, thus ensuring you receive the full child benefit entitlement, while also boosting your pension savings for later years.

## 5 Make the most of your marriage or civil partnership

The marriage allowance is a tax break that lets a husband, wife or civil partner transfer £1,260 of their personal allowance to the higher earning partner. To qualify, you must not pay Income Tax or your income must be below the Personal Allowance (£12,570). Your partner should pay Income Tax at the basic rate, which means their income is between £12,571 and £50,270 before receiving marriage allowance.

The marriage allowance can be worth up to £252 in tax savings per year, yet around 2.4 million qualifying couples are failing to claim the benefit. However, the good news is, marriage allowance claims can be backdated up to four years.

## 6 Save if you're single!

Living alone can bring its perks. Don't forget that most local authorities in England and Wales offer a single person's council tax discount of 25%. This can be worth around £300 a year, yet many residents fail to claim the benefit. To discover more, contact your local council directly, or use this government website. **https://www.gov.uk/apply-for-council-tax-discount**

**If you want to discuss any of the information contained in this article, please feel free to get in touch with your local Perrys branch.**

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