

News

Chancellor cuts Entrepreneurs' Relief

The Chancellor has announced a shake-up of entrepreneurs' relief, reducing the current a £10m lifetime allowance to £1m. Entrepreneurs' Relief provides for a lower rate of Capital Gains Tax (10%) to be paid when disposing of all or part of a business where certain criteria are met.

Under the revamp, business sellers will pay 10% on lifetime gains of up to £1m, compared with the previous upper limit of £10m. Above £1m, business owners will be charged standard capital gains tax rates, which is 20% for higher-rate taxpayers.

Implications for family businesses

This change could be especially relevant to family businesses as there are potentially repercussions for retirement plans, with up to £900,000 in additional tax to be paid by each family shareholder. If a business is owned by a husband and wife team that are looking to sell the business as part of their retirement strategy, there could be up to £1.8m in additional tax. This is because the lifetime allowance applies to individuals rather than businesses, so the move to reduce the allowance could accelerate succession planning.

The new rate comes into immediate effect for disposals made on or after 11 March 2020. There are special provisions for disposals entered into before 11 March 2020 that have not been completed.

For more details, go to: <https://www.gov.uk/government/publications/change-to-the-entrepreneurs-relief-lifetime-limit-for-capital-gains-tax/capital-gains-tax-entrepreneurs-relief-reduction-in-the-lifetime-limit--2>

CORONAVIRUS UPDATE

Our offices are now temporarily closed. Members of staff are working remotely from home and can be contacted by email or phone. Please liaise with your usual contact regarding end of year accounts preparation and records. We want to assure you that Lentells is fully committed to the health and safety of our employees and communities while ensuring minimal disruption to our work and client service during this critical time.

For updates on business finance support please go to <https://www.lentells.co.uk/>

[coronavirus-business-financial-support](https://www.lentells.co.uk/services/business/payroll-and-pensions)
For the latest guidance with regard to COVID-19 and your Payroll service please go to <https://www.lentells.co.uk/services/business/payroll-and-pensions>

For the latest guidance for employees, employers and businesses go to <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-support-for-businesses> or call HMRC's helpline 0800 024 1222



Property Capital Gains tax changes from April 2020

Important changes are coming into effect, meaning capital gains tax (CGT) arising on the sale of residential property will in future need to be paid earlier.

From 6 April 2020, any CGT arising on the disposal of residential properties will be payable within 30 days of the completion date.

If an individual sells a residential property before 5 April 2020, CGT will not be payable in full until January 2021. If the sale completes on or after 6 April 2020 the CGT is due within 30 days!

Individuals or trustees selling a residential property will be required to report the CGT they owe and make a payment on account. HMRC are launching a new online system to enable gains to be reported. Only gains will need reporting to HMRC, so if there is no

gain, or the gain is covered by exemptions or losses, the taxpayer will not need to complete a property disposal return.

The taxpayer must calculate the CGT due taking into account their annual exemption for the year and estimating the correct rate of CGT to apply (currently 18% basic rate or 28% higher rate - for residential property).

After the end of the tax year, the taxpayer will complete their self-assessment tax return, including the property gain. Once their full income, gains and losses for the year are calculated, the final amount of CGT will be ascertained and any "on account" payment will be deducted.

Failure to report and pay any CGT on time is likely to lead to interest and potentially a penalty.

Help Organise Your Records With The Lentells App

The Lentells app is designed to help clients keep their expenses up to date. As well as helping maintain records of expenses, the app also includes a number of useful financial tools:

- AutoEntry automates data entry by accurately capturing all of your invoices, receipts and expenses and transferring them directly into your chosen accounting software.
- Mileage Tracker (with GPS) allows an accurate record to be maintained of business miles travelled
- Company car benefit calculator
- Tax tables with all the latest rates
- Direct link to Cloud Accounting software anywhere, anytime
- Inheritance and Capital Gains Tax calculators

The app is free to download from the App Store and Google Play.

Vat on Energy Supplies

Most business believe that VAT charged on their light and heat invoices should be at the standard rate of 20%, however this is not always the case.

VAT on the supply of light and heat can be charged at the reduced rate of 5% under the following circumstances;

- fuel and power for domestic use
- fuel and power for charity non-business use
- fuel and power where the amount supplied does not exceed small quantities, called the de minimis limits
- fuel and power partly for qualifying use and partly for other purposes, where 60% or more of the supply is for qualifying use

The following are not deemed to be domestic properties, or to fall within the de minimis amounts.

- hospitals
- prisons or similar establishments
- hotels, inns or similar establishments

All other types of property could therefore qualify for the de minimis amounts and

Lentells sign up to **Mindful Employer initiative**



Lentells are delighted to be part of this impressive initiative aimed at increasing awareness of mental health at work and providing ongoing support to all our staff.

Established in 2004, Mindful Employer is a UK wide initiative run by Devon Partnership NHS Trust, providing employers with easy access to professional workplace mental health training, information and advice.

Organisations who have signed the charter have agreed to commit to the following values:

- To provide non-judgemental and proactive support to staff experiencing mental ill-health.
- To not make assumptions about a person with a mental health condition and their ability to work.

- To be positive and enabling towards all employees and job applicants with a mental health condition.
- To support line managers in managing mental health in the workplace.
- To ensure they are fair in the recruitment of new staff in accordance with the Equality Act (2010).
- To make it clear that people who have experienced mental ill-health will not be discriminated against, and that disclosure of a mental health condition will enable both the employee and employer to assess and provide the right level of support or adjustment.

To find out more information on Mindful Employer please go to <https://www.dpt.nhs.uk/mindful-employer>

Making the most of available tax allowances

Tax-free Childcare

More than a million parents in the UK are missing out on £2,000 a year by not claiming tax-free childcare. As 1.3m parents are eligible for the scheme, around 1.1m families are losing out, partly because the system is thought to be too complicated.

According to recent research, the typical cost of full-time childcare for a child under the age of two is £12,789. Getting the full Government tax-free contribution could reduce that bill by nearly 16% a year.

should check their invoices to confirm the correct VAT rate is being applied.

The de minimis rates are as follows:

Gas

- average of 5 Therms or 145 Kw/h per day or 150 Therms or 4,397 Kw/h per month

Electricity

- average of 33 Kw/h per day or 1,000 Kw/h per month

All supplies of fuel oil, gas oil or kerosene are subject to the reduced rate if they meet the qualifying criteria of being for domestic or charity use, or if the delivery is less than 2,300 litres if it does not meet the qualifying criteria.

It is therefore important for businesses that are not VAT registered to review their light and heat invoice to confirm that the correct VAT rate is being applied and is in accordance with the de minimis limits as set out above.

For every £8 parents pay into their online account, the Government makes a top-up payment of £2, up to an annual maximum of £2,000 per child. The scheme generally applies to children under the age of 12, although the entitlement increases to £4,000 for disabled children aged under 17.

For more information please go to <https://www.gov.uk/tax-free-childcare> to check eligibility and register for the scheme.

Marriage allowance

The Marriage Allowance is specifically designed for couples where one partner pays standard rate income tax and the other is a non-taxpayer. It is estimated that up to 700,000 couples are still missing out.

You can claim it provided the following apply:

- You are married or in a civil partnership
- You do not pay income tax or your income is below the £12,500 personal allowance
- Your partner pays income tax at the basic rate of 20%

Marriage Allowance lets you transfer £1,250 of your Personal Allowance to your husband, wife or civil partner, if they earn more than you. This reduces their tax by up to £250 in the tax year. You can get a rebate by back-claiming for up to four years.

Applying online is simple and can be done at <https://www.gov.uk/apply-marriage-allowance>. It is the non-taxpayer who has to submit the application.



HMRC grants available for customs declarations

Once the transition period ends on 31 December 2020, businesses will need to complete customs declarations for goods crossing the UK border (except goods moving between Northern Ireland and Ireland). Funding to help with training for completing the customs declarations has been made available by HMRC.

There are three separate grants covering distinct areas of the process:

- Training for completing the new customs declarations
- Hiring new staff to help complete the declarations
- Associated IT improvements

Businesses can apply for just one of the grants, or all of them. To qualify businesses must be established, or have a branch in the UK and have met all of its tax obligations. You can apply for just one of the grants, or all of them.

Training grant

To apply for this grant you should either:

- complete customs declarations for yourself or someone else (or intend to in the future)
- import from, or export to the EU and complete customs declarations (or intend to complete customs declarations in the future)

The training must give you or your employees the skills to complete customs declarations, carry out customs processes, including relevant training in safety and security. The training does not have to lead to a formal qualification. You can also use the grant to

reimburse what your business has spent on relevant training since 31 July 2019. The grant will give you up to 100% of the cost of training for your employees, up to a limit of £2,250 for each course. It will also cover the cost of training you run internally, up to a limit of £250 for each employee on the course.

Recruitment grant

To apply for the grant, your business must:

- currently complete customs declarations on behalf of importers and exporters
- have been established in the UK for at least 12 months

You must use the funding to cover the recruitment and salary costs of new employees from 1 October 2019, who will help your business complete customs declarations. The grant will give you £3,000 for each employee. You could also get up to £10,000 for any employee you recruit before 31 January 2021, to cover up to 3 months' salary.

You will receive the funding for recruitment costs and 50% of the eligible salary costs upfront. The remaining 50% of salary costs will be paid when the employee has been in post for one month.

IT improvements grant

To apply for this grant, your business must:

- currently complete customs declarations for importers and exporters
- have 250 employees or fewer
- have an annual turnover of less than €50 million

You must use the funding to buy software that will help your business to complete customs declarations more efficiently. It must be a ready-made solution - you cannot use the funding to commission bespoke software. You can also use the grant to reimburse what your business has spent on relevant IT improvements since 31 July 2019. The grant will give you 100% of the costs relating to your IT expenditure to improve the efficiency of making customs declarations.

For more information go to: <https://www.gov.uk/guidance/grants-for-businesses-that-complete-customs-declarations>

Government confirms 2020/21 van and fuel benefit charges

The Government has confirmed details of van and fuel benefits charges, which will take effect from 6 April 2020.

The van benefit charge and fuel benefit charges for cars and vans will be updated by the Consumer Price Index from 6 April 2020. The update will take effect as follows:

- the van benefit charge will uprate from £3,430 to £3,490;
- the car fuel benefit charge multiplier will uprate from £24,100 to £24,500; and
- the van fuel benefit charge will uprate from £655 to £666.

16% to Zero – Going green with low emission cars

As part of its green agenda the UK aims to end the sale of petrol and diesel cars by 2035. As encouragement the government recently announced that any business buying a zero or low emission car from April 2020 will get significant tax breaks.

So how does this work? Currently, company employees are taxed if they have the benefit of a company car, with a percentage of the cars list price having tax charged against it. This can be quite painful for all concerned, however in an eyebrow raising move HMRC have slashed the benefit in kind tax percentage on low emission cars from 16% to 0%.

A model is classed as low emission if its Co2 is between 1-50g/km and will benefit from this 0% rate if purchased new after 6 April 2020. A zero emission car, irrespective of when it was registered, will have the 0% treatment from April 2020.

This means an employee with a zero or low emission car as a company vehicle will have more money in their pocket through tax saved. The company itself will also save money on its national insurance bill.

It's not just companies that can benefit. Sole traders and partnerships can also benefit by receiving 100% deduction against profits on the purchase price paid of any low or zero emission car, however any tax relief is reduced if there is any private use of the vehicle.

Going green is no longer a political or social issue, it now also saves you money!

Lentells are able to advise on all aspects of company car tax and benefits in kind. For further information please contact your local office.



QuickBooks Online Training

Please check our website for details and dates of our forthcoming courses: <https://www.lentells.co.uk/quickbooks-online-training-2020>



Soroptimist Swimathon 2020

Congratulations to our three teams who swam over 220 lengths at the Taunton Soroptimist Swimathon at the end of February.

Since its launch in 1988, the Swimathon has raised over £610,900, the vast majority of which has been given directly to a variety of locally-based charities. The four charities who will benefit this year are St Margaret's Somerset Hospice, Reminiscence Learning, Dorset & Somerset Air Ambulance and Taunton Opportunity Group

Many thanks to everyone who sponsored us and to those who came along on the day to support us.



What is a Lasting Power of Attorney and why it makes sense to have one in place

Making an LPA is just as important as making a Will. An LPA relates to the management of your affairs during your lifetime, whereas a Will relates to the distribution of your estate following your death.

An LPA is a legal document that enables you to appoint one or more persons with the right to make decisions about your future care and welfare, should you have an accident, an illness or lose the mental capacity to make your own decisions. Putting in place an LPA while you are fit and healthy gives you the peace of mind that, if necessary, decisions concerning your welfare and financial affairs will be overseen by someone who you trust and who will be acting in the best interests of you and your family.

There are two main types of LPA. A health and welfare LPA relates to future medical care, moving into a care home and life-sustaining treatment. A property and financial affairs LPA deals with managing bank accounts, investments, paying bills, pensions and selling property.

You should not assume that because you are married or in a civil partnership that your spouse or partner will automatically be able to deal with financial affairs and make decisions about healthcare.

If you are a business owner it is important to consider what would happen if you were unable to make decisions. If there is no business LPA in place there may well be issues with bank account signatories, paying creditors and employees and contractual obligations. Lentells can assist with both the procedure of completing the necessary paperwork as well as advising on all the areas you need to consider ensuring the LPA covers all possible eventualities.

To find out more about LPAs and making a Will please contact:

Rob Wegner at our Chard office on 01460 64441, robert.wegner@lentells.co.uk
Mike Griffiths at our Seaton office on 01297 20584, michael.griffiths@lentells.co.uk
Debbie Thatcher at our Taunton office on 01823 286274, debbie.thatcher@lentells.co.uk



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Probate services are provided by Lentells Estates and Probate Services Limited, a wholly owned subsidiary of Lentells Limited and will adhere to all GDPR and Data protection policies issued in the name of Lentells Limited.

Neither company is authorised under the Financial Services & Markets Act 2000 but we are able in certain circumstances to offer a limited range of investment services to clients because we are regulated by the Association of Chartered Certified Accountants. We can provide these investment services if they are an incidental part of the professional service we have been engaged to provide.

