

News

New Director promoted to the Lentells Board



Further to our announcement last year, we are pleased to confirm that Tracey Turner has been promoted to the Board of Directors of

Lentells from 1 March. Lentells now has 10 directors across 3 offices.

Tracey has a long history with Lentells having previously managed one of our offices and has considerable experience in the healthcare sector, as well as managing a general portfolio of clients consisting of limited companies, partnerships and sole practitioners across a broad range of industries.

Tracey also has a wide range of experience across many other industries, including tourism, retail and construction. She enjoys building strong relationships with clients looking at maximising tax savings where possible.

Speaking of her promotion, Tracey said; "I am very pleased to be joining the Board. I am looking forward to being able to contribute at Board level to the continuing success of Lentells, giving timely and essential business advice to clients as well as building relationships with new clients."



Thinking of going green in 2022?

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 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, HMRC has reduced the benefit in kind tax percentage on low

emission cars to 1% for the 2021/22 tax year and 2% for the 2022/23 tax year.

A model is classed as low emission if its CO2 is between 1-50g/km and will benefit from this 2% rate if purchased new. A zero emission car, irrespective of when it was registered, will qualify for the 2% rate.

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 at a time when it is much needed. 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. Please contact us for more details.

Lentells are able to provide support on all aspects of business and personal tax. Tracey can be contacted at the Chard office on 01460 64441, or via email; Tracey.Turner@lentells.co.uk



Making Tax Digital for VAT Extended

From 1 April 2022, all VAT registered businesses must file digitally through Making Tax Digital (MTD). VAT registered businesses with turnover above £85,000 will already be doing this, but smaller businesses could previously claim exemption.

Businesses need to have signed up to MTD for their first VAT return starting on or after 1 April 2022. This will cover the quarter ended 30 June 2022 onwards or April 2022 if completing monthly VAT returns. Businesses must sign up to MTD at least five days after their last non-MTD VAT return deadline date, and no less than seven days before the first MTD VAT return deadline date.

Under the new rules, it will be mandatory to keep digital records under MTD. This can be done through software or by using bridging software. Bridging software must have digital links in place to ensure that records are kept digitally as information is transferred between platforms.

Those who do not comply will be charged a penalty for failure to do so. Some VAT-registered businesses may be eligible for an exemption from MTD, if it is not reasonable or practical for them, for example if they have a poor broadband connection.

There are various accounting packages that are available to meet the MTD requirements, such as QuickBooks and Xero. For further assistance with moving to such a package or for more information regarding MTD for VAT, please contact your local Lentells office.



Spring Statement 2022 Key Points

The Chancellor gave his Spring Statement on Wednesday 23 March. Some key points that were announced for the 2022/23 tax year are summarised below.

National Insurance Contributions (NICs)

An increase in the annual National Insurance Primary Threshold and the Lower Profits Limit was announced.

Primary Class 1 contributions are paid by employees, the threshold will increase from 6 July 2022 to £12,570 from £9,880. This will align the starting thresholds for income tax and NICs.

The Lower Profits Limit is the point where the profits of the self-employed become subject to Class 4 NICs. From 6 April 2022 the Lower Profits Limit increased to £11,908 and from 6 April 2023 the limit will be increased further to £12,570.

There will be no class 2 NICs on profits between £6,725 and £11,908. £3.15 per week is payable where profits are over £11,908.

From April 2022, Employers who are able to claim the Employment Allowance can claim £5,000 per year, increased from £4,000. This will reduce their employer Class 1 NICs each year.

Income Tax reduction

The Chancellor announced the reduction in the basic rate of income tax for non-savings, non-dividend income for taxpayers to 19% from April 2024. This change will be implemented in a future Finance Bill.

Personal Tax

The rates for 2022/23 were announced by the Chancellor in the October 2021 Budget. The personal allowance is currently £12,570 and will be frozen at this rate for the tax years to 2025/26.

Capital Allowances

The Annual Investment Allowance (AIA) has been extended until 31 March 2023, allowing 100% tax relief to businesses investing up to £1m in qualifying expenditure.

Other announcements

Fuel duty has been cut for only the second time in 20 years by 5p a litre for 12 months, until March 2023. This is as a result of the high inflation rate and sky high prices at the pumps.

Homeowners installing energy efficiency materials such as solar panels, heat pumps or insulation will not pay VAT on the materials.



QuickBooks Online Training

Lentells are running a series of QuickBooks Online training sessions as online demonstrations with our IT Training Manager. We offer training sessions for general businesses, starting at 9.30am and ending at

13.00pm.

Each session will cover:

- Navigation through QuickBooks Online
- Maintaining the Customers and Suppliers Ledgers
- Performing bank reconciliations
- Amending the QuickBooks Chart of Accounts
- Generating your VAT return
- Generating the QuickBooks Reports
- Preparing Budgets (Plus version only)

We also offer training workshops on receipts and payments only, starting at 14.00pm and ending at 16.30pm. Our QuickBooks Online Training for receipts and payments will cover:

- Navigation around QuickBooks

PAYROLL

Reviewing and Setting Payroll

National Living Wage will increase for all age groups for 2022/23 providing a good opportunity for employers to review their workers' pay.

Arguably, the biggest issue for employees right now is the unusually high rate of inflation which is driving up the cost of goods and services and eating into salaries at the same time.

While employers that pay the minimum wage will have their hands forced, other employers - especially those who had a profitable 2021/22 - might want to help their employees.

National living wage

The Treasury is implementing recommendations from the Low-Pay Commission to raise the minimum wage rates for under-23s by 6.6% for 2022/23.

From 1 April 2022, employers will have to pay at least the following hourly rates to workers in these age groups:

Rate	From 1 April 2022	From 1 April 2021
16 to 17-year-olds	£4.81	£4.62
18 to 20-year-olds	£6.83	£6.56
21 to 22-year-olds	£9.18	£8.36
Over 23s (NLW)	£9.50	£8.91
Apprentices	£4.81	£4.30

Living wage increases are usually linked to the CPI's rate of inflation for the previous September, which was 3.1%.

The 6.6% increase is more than double the September rate meaning employers have to pay low-paid workers around £1,000 more in 2022/23.

Workplace pension contributions

Private sector employers in the UK have to automatically enrol eligible employees in to the business's defined-contribution workplace pension scheme. The criteria remains unchanged for the 2022/23 tax year.

Employees, who earn more than £10,000 a year, are aged between 22 and state pension age, must be automatically enrolled.

Employers must pay at least 3% of the employee's qualifying earnings into their workplace pension, while deducting at least 5% from their gross pay and paying that into the scheme on their behalf.

The combined minimum contribution is 8% of an employee's monthly gross salary.

National Insurance contributions

The annual NICs thresholds for 2023/23 are:

Class I (Employees)	£9,880
Class I (Employers)	£9,880
Upper-earnings limit	£50,270

The lower-earnings limit for 2022/23 will increase by 3.1% in line with the CPI's rate of inflation for September 2021 - from £6,240 to £6,396.

From April 2022, there will be a temporary increase of 1.25% in the rates of NICs payable for employees, employers and the self-employed to help fund social care.

The following NICs rates will apply in 2022/23:

Class I (Employees) 13.25% (up from 12%)
 Class I (Employers) 15.05% (up from 13.8%)
Above the upper-earnings limit
 3.25% (up from 2%)

With the increase to the thresholds announced in the Spring Statement, from 6 July 2022 employees earning between £242 and £967 per week will pay NICs at 13.25%. Earnings over £967 will attract a 3.25% charge. Employers will pay 15.05% on their employees' earnings over £175 per week.

This NIC increase will only apply for one year as from April 2023 a new Social Care Levy will be introduced. When this happens, employees will face an additional deduction from their pay, PAYE, NIC, Social Care Levy and any other deductions such as pensions.

Student loans

From 6 April 2022, the plan-one student loan threshold will increase from £19,895 to £20,195.

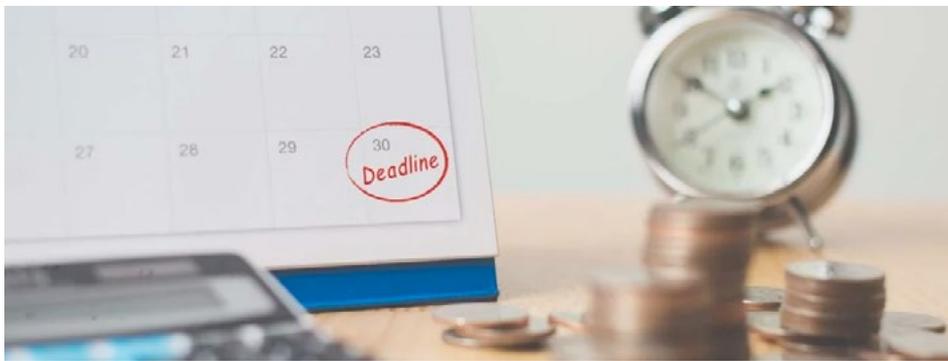
Both the plan-two threshold and the postgraduate loan threshold will stay the same at £27,295 and £21,000, respectively.

If an employee's pay exceeds the threshold for their student loan plan, you will need to make the correct deductions from their pay and report this to HMRC.

For more information regarding Payroll, please contact our Payroll Department on 01460 68700, or email payroll@lentells.co.uk.

- Customising QBO
- Posting Cheques and Deposits
- Reconciling the bank and using the bank feed
- Recurring transactions
- Reports
- VAT

For more information on the various courses available, please go to <https://www.lentells.co.uk/services/business/cloud-accounting-software-support/quickbooks-online-training>



Dealing with late payments

Late payments are a perennial problem for small business owners, but pressures have increased in recent months, according to a poll from the Federation of Small Businesses (FSB).

In a study of 1,271 business owners, 30% said they had seen the late payment of invoices increase over the last three months, with a further 8% experiencing other forms of poor payment practice.

As a result, 8% of respondents said late payments currently threaten their organisation, which would equate to around 400,000 firms in the UK.

It comes at a time when various wider economic problems present a challenge for SMEs.

While there's little you can do to prevent the knock-on effect of wider pressures on your supply chain, there are a few steps you can take to give yourself the best possible chance of being paid on time.

Agree your terms

To avoid any misunderstandings or confusion down the line, it's best practice to outline your payment terms before you undertake any work for your customer.

This allows you to set out the work you're doing, what your fee is, and how long your customer has to pay it, leaving no room for future disputes - and it also gives you an opportunity to explain what you will charge in interest or fees if your customer does miss the payment deadline.

If you haven't agreed on a payment date, a 30-day deadline usually applies, after which you can charge statutory interest and debt recovery costs.

Statutory interest stands at 8% plus the Bank of England base rate for business-to-business transactions, and you can also charge a fixed

sum ranging from £40 to £100 depending on the amount of debt.

Some purchasers have their own terms, however, which can be much longer than 30 days - if you're supplying a client like this, make sure you're clear on their terms, and weigh up the risks and benefits of working with them.

Invoice promptly and clearly
Sending your customer a clear, accurate invoice as soon as possible after the agreed work has been done should put you in the best position to receive your payment on time.

Your invoice should include:

- a unique company ID number
- business name, address and contact details
- the client's company name and address
- what you're charging for
- your pre-agreed payment terms
- the date the goods or service were provided
- the date of the invoice
- the amount charged
- any VAT (if applicable)
- the total amount owed.

Accounting software can make this process easy, with many platforms allowing you to generate template invoices based on the customer information you have in the system.

You may also have the option to link to an online payment platform, making it easy for your customers to click through and get the payment done.

Chase up your payments

Another step that software can help with is the follow-up - sending reminders to your customers who haven't made the payment yet.

Rather than having to remember all of your outstanding payments and follow them up yourself, you can set up automatic emails to send over regular intervals.

This takes the weight off your mind, but it also offers the same advantages as an automatic invoice - your reminders will be clear, with accurate information, and an easy link for customers to complete their payment.



How to contact us

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Lentells Limited Chartered Certified Accountants

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Registered as auditors and regulated for a range of investment business activities in the United Kingdom by the Association of Chartered Certified Accountants

Lentells Estates and Probate Services Limited

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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.

