



A BUDGET FOR DIFFICULT TIMES

Against a backdrop of unpredictable markets and increasing uncertainty over coronavirus, the chancellor Rishi Sunak announced a budget notable for massive spending pledges and tax cuts.

Mr Sunak may have only been chancellor for four weeks, but he delivered a radical message. If anyone was in any doubt about the seriousness of the situation, he signalled that bold action was needed to protect the economy from the ravages of a pandemic.

The centrepiece of this budget was a £30bn stimulus package to mitigate the coronavirus crisis which the chancellor called a “temporary disruption” to the economy. The government’s strategy is two-fold; firstly, it will provide a range of funds, grants and tax breaks to help individuals and businesses survive the immediate disruption that the coronavirus is causing. Secondly, it’s hoped that government spending and investment will help stimulate and sustain the economy.

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Coronavirus statement

We, like everyone else, are keeping a close eye on daily developments and taking advice from the government and the World Health Organisation. Currently the office is to remain open. However, those in the higher risk groups and those that can easily work from home will do so. We will also be encouraging remote meetings to help minimise risk and have implemented additional hygiene measures.

For those now on cloud accounting, we won’t need access to physical records, we can access most of what we need directly from the software.

The wellbeing of our staff, colleagues and clients is paramount and we are monitoring the situation on a daily basis and will communicate updates as and when things change.

We recognise this will be a difficult time for all our clients, we are taking active steps to monitor the government’s support package and how this can be accessed and will release more information as we have it.

WELCOME TO THE SPRING EDITION OF PROACTIVITY!

This issue includes key information about the 2020 Budget as well as the latest developments in tax (page 4 & 5). We have also included an update on what is happening in Making Tax Digital and how we can help you make the most of cloud accounting (page 6).

Looking ahead, we are very proud to give you a glimpse inside our new offices (page 7) and to launch our new brand (page 8). We may live in challenging times, but please be assured, Foxley Kingham and GKP are on hand to help your businesses survive and thrive, whatever the future may hold.



BUDGET 2020 RESPONSE TO COVID-19

With the headlines dominated by COVID-19, the government announced a package of measures to support businesses.

Statutory sick pay

Statutory sick pay will be available for anyone who has to self-isolate due to the virus and the government will refund the cost of statutory sick pay for up to 14 days for small and medium-sized businesses. This will cost £2bn and will apply to businesses with fewer than 250 employees. There will also be extra benefits for those working in the gig economy who have been forced to miss work.

The Coronavirus Business Interruption Loan Scheme

Launching w/c 23 March, a temporary Coronavirus Business Interruption Loan Scheme will be delivered by the British Business Bank to help businesses access bank lending and overdrafts. The government will provide lenders with a guarantee of 80% on each loan (subject to a per lender cap on claims) to give lenders further confidence in continuing to provide finance to SMEs. Businesses or banks will not be charged for this guarantee and the scheme will now support loans of up to £5 million in value. This new guarantee will initially support up to £1bn of lending on top of current support offered through the British Business Bank. Businesses can access the first 6 months of that finance interest free, as government will cover the first 6 months of interest payments. The details will be known in the next few days but we are expecting applications will be through normal finance providers and will keep clients informed.

Support for businesses in retail, leisure and hospitality

Business rates will be abolished altogether for smaller firms in retail, leisure and hospitality in a tax cut worth up to £1bn. There will also be a £25,000 grant for businesses in this sector operating from smaller premises with a rateable value between £15,000 and £51,000.

These temporary measures, taken together with existing Small Business Rates Relief, mean that around 900,000 properties, or 45% of all properties in England, will receive 100% business rates relief in 2020-21. This will only apply to premises with a rateable value of up to £51,000 to help support business.

Any enquiries on eligibility for, or provision of, the reliefs should be directed to the relevant local authority.

Support for small business

The government will provide additional funding for local authorities to support small businesses that already pay little or no business rates because of small business rate relief (SBRR). This will provide a one-off grant of £10,000 to businesses currently eligible for SBRR or rural rate relief, to help meet their ongoing business costs.

If your business is eligible for SBRR or rural rate relief, you will be contacted by your local authority – you do not need to apply. Funding for the scheme will be provided to local authorities by government in early April. Guidance for local authorities on the scheme will be provided shortly.

Time to pay

HMRC will scale up its Time to Pay service which allows small businesses and individuals to defer their tax bills. The dedicated helpline for those who need help is 0800 0159 559.

So how is the government going to pay for such a radical program of investment and public spending?

Mr Sunak is counting on interest rates remaining low and the UK being able to borrow significant amounts of money. However, the chancellor has also stated that he is going to stick to existing fiscal rules set out in the Conservative election manifesto. This means the books have to be balanced within two years and the country will not borrow for day-to-day spending. No matter how the figures add up, there is no question that this budget will long be remembered as a bold reaction to an economic emergency.

BUDGET 2020

National Insurance contributions

The Employment Allowance for Employer National Insurance contributions will increase from £3,000 to £4,000. This should benefit over half a million businesses with an average gain of £850 per year.

National Insurance thresholds for 2020-21 tax year will increase. Both employed and self-employed workers who pay Class 4 contributions will be able to earn up to £9,500 in 2020-21 before they are required to pay National Insurance contributions. And businesses who employ ex-services personnel will not have to pay their National Insurance contributions for th

Entrepreneurs' relief

Entrepreneurs' Relief will be drastically reduced. The changes mean that anyone selling a business 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 (20% for higher-rate taxpayers). It is hoped that these changes could raise £6.3bn over the next five years.

Other support for business

- There will be a fundamental review of business rates that will report in the autumn
- The Structures and Buildings Allowance for Corporation Tax will be increased from 2% to 3%, giving relief on an extra £100,000 next year if you're buying a building worth £10 million
- A £28m package and up to 10,000 Start-Up Loans will be available to entrepreneurs and businesses who wish to launch new enterprises
- £130m will be committed to the British Business Bank's Start-Up Loans programme
- There will also be £5bn worth of new export finance released.

Other budget highlights

- Fuel duty will be frozen for the tenth consecutive year
- A freeze in duty rates for beer, cider and spirits
- An end to the tax relief on 'red diesel'
- Tampon Tax – the 5% rate of VAT on women's sanitary products – will be scrapped from 1 January 2021
- The National Living Wage will increase from £8.21 to £8.72
- Ambitious targets for the National Living Wage to reach two-thirds of median earnings and to be extended to workers aged 21 and over by 2024
- It was confirmed that the previously announced reduction in Corporation Tax to 17% would not be going ahead. The rate remains at 19%, which is still relatively low
- The annual Capital Gains Tax exemption was raised to £12,300.

Breaking news: IR35 tax reforms to be deferred

The controversial IR35 tax reforms are to be delayed by a year. The reforms were designed to stop employees registering as freelance contractors in order to pay less tax. The changes would mean that organisations in the private sector would be responsible for determining the tax status of 'off-payroll' workers who had been contracted via a limited company.

Chief treasury secretary Steve Barclay said; "This is a deferral, not a cancellation, and the government remains committed to reintroducing this policy".

The reforms were due to come into effect from April. They will now be introduced in April 2021.

Pension changes

Those earning around or below the level of the personal allowance and saving into a pension may benefit from a top-up on their pension savings equivalent to the basic rate of tax, even if they pay no tax. Whether they receive this top-up depends on how their pension scheme administers tax relief.

The lifetime allowance of pensions i.e. the maximum amount someone can accrue in a registered pension scheme in a tax-efficient manner over their lifetime, will increase in line with CPI for 2020-21, rising to £1,073,100.

The pensions annual allowance is the maximum amount of tax-relieved pension savings that can be accrued in a year, and currently tapers down from £40,000 to £10,000 for those on high incomes. The thresholds which trigger this are rising by £90,000, so from 2020-21 it will apply to those with income over £200,000 and adjusted income (income plus pension accrual/contribution) over £240,000. The fully tapered annual allowance will also reduce from £10,000 to £4,000. This means anyone with income under £200,000 will retain the full £40,000 allowance.

Year End Tax Planning: Those who haven't yet fully utilised their pension allowance for 2016/17 are encouraged to do so before 5 April 2020, particularly if you foresee being a high earner with future pension allowances reduced to just £4,000 pa.

Backdrop to the budget

Although analysts had expected a modest increase in GDP, figures from the Office of National Statistics showed that the UK economy did not grow at all in January 2020.

Just before the budget, the Bank of England announced an emergency cut in interest rates to shore up the economy amid the coronavirus outbreak. Policymakers reduced rates from 0.75% to 0.25%, taking borrowing costs back down to the lowest level in history. This was in order to free up billions of pounds of extra lending for businesses, particularly small and medium sized firms.



TAX NEWS

BREXIT FUNDING DEADLINE EXTENDED

Now that we have left the EU, we have entered a transition period that lasts until 31 December 2020. There will be no changes to the terms of trade with the EU or the rest of the world during this time. From 1 January 2021, trade with the EU will change, and businesses will need to prepare for new customs arrangements. HMRC has written to UK businesses that it believes may be affected to explain some of the actions they need to take. The letter is available on www.gov.uk, so do look it up if you think you are affected; or contact us for advice.

In order to help prepare businesses for completing customs declarations, the deadline to apply for grant funding to increase capacity for dealing with customs declarations with training, IT and staff has now been extended to 31 January 2021.

Applications will close on 31 January 2021, or earlier if funding is fully allocated, so interested businesses are encouraged to apply soon. Businesses that want to apply for funding should not contact HMRC but can apply online on www.gov.uk.

NEW 30-DAY WINDOW FOR PROPERTY CAPITAL GAINS TAX PAYMENTS

From April 2020 HMRC is changing the rules related to Capital Gains Tax (CGT) due on the disposals of UK residential property (other than a principle private residence). The tax due must be reported and paid to HMRC within 30 days of completion of the disposal. Non-UK residents who currently report property disposals within 30 days can no longer defer payment. If you will be selling a residential property that is not your main home please contact us before completion in order that we can advise in good time on any tax due.

ANNUAL INVESTMENT ALLOWANCE

A reminder that the current £1m allowance for relevant capital expenditure ends on 31 December 2020, so if you are planning major investment, aim to complete before this date to maximise your tax relief.

ATED REMINDER (ANNUAL TAX CHARGE ON ENVELOPED DWELLINGS)...

... Or, residential property owned in a company to you and me! If you own a UK residential property that is held within a company and was worth £500,000 or more on 1 April 2017 (or when purchased, if later) please let us know. The charge starts from £3,650 but exemptions apply in many circumstances. The filing deadline for the return is 30 April 2020 and there are stiff penalties for late filing. If you acquire a property through a company during 2020/21 please let us know within 30 days.

CAR BENEFITS

Whilst increasing taxation of car benefits has made company cars a thing of the past for many, from 6 April 2020 the benefits for electric and hybrid cars will increase. If your company car has a CO₂ emission figure of 1-50g/km, you will now be taxed according to the car's zero emission mileage. This is the distance that the car can travel in miles on a single electric charge, and the benefit rate can be as low as 2% pa.

The tax year 2020/21 will be the sweet spot for buying an electric company car, when 100% of the vehicle price can be claimed as a deduction against profits for tax purposes and the employee will be taxed on only 2% of the vehicle's list price. However, government policy regarding electric company cars beyond 2021 remains uncertain. Check for budget announcements.

More on this in the next edition of *ProActivity*.



EMPLOYMENT NEWS

National Living Wage and the National Minimum Wage rates change in April as follows:

Year	April 2019 (current rate)	April 2020
25 and over	£8.21	£8.72
21 to 24	£7.70	£8.20
18 to 20	£6.15	£6.45
Under 18	£4.35	£4.55
Apprentice	£3.90	£4.15

Threshold changes from 6 April

Personal Allowance	£12,500pa
National Insurance	£183pw £792pm £9,500pa
Auto Enrolment	£10,000
Student Loans	Plan 1 £19,390 Plan 2 £26,575

TAX CODES

HMRC will now collect outstanding self-assessment debts through individual tax codes within the current tax year. If they cannot collect all the debt in one year, it may run into a second year. Individuals will be notified by HMRC in writing if this applies.

TERMINATION AWARDS

From 6 April 2020 a new Class 1A NICs liability will apply to non-contractual taxable termination payments over £30,000 which have not already suffered a Class 1 liability as earning. This is to be reported through RTI, not form P11D.

PARENTAL BEREAVEMENT ALLOWANCE

A new entitlement to Parental Bereavement Leave and Pay starts from April 2020. This will provide parents with a day-one employment right to take two weeks off work with statutory pay if they lose a child. The new entitlement will apply to deaths or stillbirths on or after 6 April 2020. Full guidance is expected soon.

EMPLOYMENT ALLOWANCE – NEW EXTRA CHECKS

Extra eligibility checks are required this year to claim the £4,000 allowance. In addition to the existing requirements, employers need to:

1. Check total Employers Class 1 NICs in the previous tax year were less than £100,000 as:

- Groups or those with more than one PAYE scheme must add all Employers NICs together for assessment purposes.
- Groups and those with more than can only claim the allowance once, employers will need to decide which company/scheme gets the allowance.
- Deemed payments for off payroll workers do not count towards the allowance and EA cannot be claimed for these workers.

2. Check you will not exceed the *de minimis* state aid threshold

- Most businesses will not have received *de minimis* state aid before so will not need to make further checks.
- If you have exceeded the *de minimis* threshold you should have been notified in writing. Add the EA amount to the other *de minimis* state received in the claim year and previous 2 years, and check it against the relevant sector ceiling:

Business sector	Ceiling
Primary production of agriculture products	€20,000
Fisheries and aquaculture sector	€30,000
Road freight transport sector	€100,000
Other, industrial (everyone else)	€200,000

P11D REMINDER

We will shortly be issuing requests for expenses and benefits information to complete forms P11D. Please ensure information is returned in good time to help us meet the deadline on your behalf.

MARRIAGE ALLOWANCE

HMRC is reminding couples that Marriage Allowance is available to those in civil partnerships as well as marriage. Marriage allowance allows one partner to transfer 10% of their Personal Allowance (£1,250) to the other if they have unused Personal Allowance and their partner is a basic rate taxpayer. Claims can be backdated up to 4 years.

FO XKASH, FOXLEY KINGHAM AND GKP: WORKING TOGETHER

The needs of businesses are constantly changing and professional services, including accountants, must evolve to meet the demands of their clients. This does not just mean changes in the services that we provide, but also how we deliver those services.

We established FoxKash, an independent book-keeping service, as a response to the rise of cloud accounting and the introduction of Making Tax Digital.

Cloud accounting has more to offer than just electronic tax returns. It gives us real-time information about your business, which leads to better decision making. And it has changed the way we work at Foxley Kingham and GKP; we have more frequent and 'light touch' interactions with our clients, rather than intense yearly meetings to examine accounts that are already months out of date.

We spoke to Helen Spokes of FoxKash to find out how the business has developed.

ProActivity (ProA): When did FoxKash start?

Helen Spokes (HS): July 2017.

(ProA): Has FoxKash grown?

(HS): Undoubtedly yes! We started with one member of staff and now have 4 team members and counting as we plan to recruit an additional staff member over the next few months. Our client numbers have increased by over 600%!

(ProA): What are the most important aspects of FoxKash?

(HS): For the clients: FoxKash gives peace of mind because we work hand in hand with Foxley Kingham and GKP. So, all the year-end, tax, payroll or interim financial events are handled seamlessly, resulting in one less demand on a busy client. They no longer have to be the middle-man in the data transfer between accountant and bookkeeper.

For Foxley Kingham and GKP: FoxKash allows the firms to offer clients an additional service at a very competitive price, safe in the knowledge that the services provided by FoxKash will be carried out to the highest standard. We also provide Foxley Kingham and GKP with an up-to-date and quality set of 'books' ready for their statutory, management or ad-hoc reporting services.

For FoxKash: we help our clients successfully handle the Making Tax Digital compliance requirement as effortlessly as possible.

(ProA): What are your plans for the future?

(HS): Our main initial future aim is to help Foxley Kingham's and GKP's clients through the next Making Tax Digital compliance phase which comes in to force in Apr 21. This is a bigger and potentially harder journey than the first part of Making Tax Digital because more businesses are affected, and a significant number of those businesses do not currently use accounting software.

Therefore, this will be a large step in terms of education and compliance. We will work with our clients who need our book-keeping services, but we will also work with clients who need guidance and training if they decide to complete their own book-keeping.

Our future aim is to extend our book-keeping services to 'new' clients and grow our business as an independent book-keeping firm in its own right.

For dates of our free MTD training sessions, please see page 8.



Making Tax Digital: the next phase

1 April 2020 marks the beginning of Phase 2 of Making Tax Digital. There are three main topics businesses should be aware of.

Digital book-keeping:

Businesses must digitalise the recording of supplies received and made (including time of supply, value and VAT rate). This includes sales, purchases, stocks and fixed asset transactions.

The digital journey: This is the 'no more cut and paste' clause. There can be no manual inputting, including manipulation, consolidation or error corrections in spreadsheets. All transfer of data between compatible software must be done using digital links.

Penalties: Penalties will now be due for late MTD filings. These will be on a cumulative basis and may reach 15% of the VAT due, plus fines of up to 100% of undeclared VAT as a result of careless or deliberate inaccuracies.

(Note: Any businesses which were deferred on the first wave of MTD until 1 October 2019 will also be deferred on the 2020 changes until 31 October 2020.)

Moving stories

Welcome to our new office!

We are delighted to announce that we have moved to our new offices. The move allows for future expansion, with more meeting rooms, break out areas, quiet zones and sufficient on-site parking.

Our new address is 260-270 Butterfield, Great Marlings, Luton, LU2 8DL.



A guide to moving offices

Thankfully our office move was relatively smooth, but we learnt a lot along the way! Fiona Plover, Executive Assistant to Directors and Sarah Robertson, Office Manager pass on some handy tips for moving from A to B.



BEFORE YOU MOVE

Check your lease. Do you have to pay to give notice?

Get the experts in; good legal, financial, architectural and construction advice can save time and money.

Get your finances in order; if needed, apply for loans in plenty of time.

Get investors, employees and clients on board. By engaging key stakeholders you should make the process more straightforward.

Ask employees and clients what they want in the new location.

Set a budget and be prepared to keep an eye on costs, but also plan and budget for delays as very few projects are delivered on time.



SET A DATE

Your move date will be dictated by when wi-fi, phones, and IT will be operational. Therefore, get any providers booked in for installations as soon as possible. And make sure you allow time for testing.

Once you have set your move date let your clients, suppliers and key contacts know when and where you are moving to.

Arrange to get post redirected by Royal Mail. Depending on the time of year this can take a number of weeks.

You may be able to claim rate relief on your new premises if they are empty while you are making any material changes. You may also be due a rate refund on the property you have left. Check with your local authority.



MOVING IN

Plan the move carefully to minimise disruption. Professional movers are a good investment.

You want employees' first experience of the new space to be positive, so check every detail before letting them in.

Start a snagging list and ensure you allocate tasks to people to ensure you keep your new office looking good and functioning well.

Don't forget to thank everyone involved in the project.

Enjoy your new space. And have a launch event to show it off!

Making Tax Digital Drop-in sessions

Due to the changing situation with coronavirus we may not be able to offer our Making Tax Digital drop-in sessions. However we are still hoping to provide training and information in the coming months using online resources. Looking to the future, we hope to run sessions at 2pm - 5pm in our new offices on
Wednesday 20 May, Tuesday 23 June, Thursday 16 July

For more information, please go to www.fkca.co.uk

A PAUSE FOR FKAF

We have made the difficult decision to put all Foxley Kingham Anniversary Foundation events on hold until the situation with coronavirus becomes more stable. However, we are still committed to supporting our local charities (Luton Town FC Community Trust, Youthscape, Marsh Farm Futures and The Lord's Taverners), and are putting plans in place to ensure that we can give them as much help as possible.

We also hope to resume events as soon as possible; we will plan for the worst and hope for the best. To this end we are holding a Quiz Night on Friday 12 June at 7pm at Barton Rovers Football Club, and a Race Night on the 25th of September at the same venue.

We also have high hopes that Foxley Kingham Client Manager Wayne Bateman will be able to take part in the Broadgate Tower Run Up on the 5th of July. This ¼ Mile Vertical Challenge will see Wayne climb Broadgate Tower's 877 steps three times. That's 105 flights of steps! When asked about the Vertical Challenge Wayne said: "My theory is that if something is worth achieving then make it difficult. Plus, I used to walk up 3 flights of stairs at work, so 105 can't be that much different? Right?"

For more information on how to support Wayne, please go to: <https://www.totalgiving.co.uk/mypage/waynestowerrun>

For more information on the Foxley Kingham Anniversary Foundation go to <http://www.fkca.co.uk/news-events/anniversary-foundation>.

Disclaimer: Please note that we cannot be held responsible in any way for any consequence arising from the information provided in this newsletter. Whilst every effort is made to ensure that accuracy of the content of all FK publications, no decisions should be taken on the basis of information given without reference to specialist advice.

YOU MAY HAVE NOTICED A CHANGE TO THE LOOK OF FOXLEY KINGHAM!



We are delighted to unveil our new logo. We wanted something that reflects our modern approach and our growing business. This new logo is part of an ongoing rebranding which we will roll out over the coming months.

Stephen Mason, Director at Foxley Kingham said: "Our industry is modernising and evolving and we are working hard to ensure that Foxley Kingham is leading the way with new digital innovations and adopting best practice to ensure we give the best service to our clients, while retaining our long-established values of community, trust and value for money."

STOP PRESS! Coronavirus: Companies House extending filing deadlines

Due to the current public health situation and the impact of Coronavirus on companies, Companies House is now granting a two-month extension to file company accounts.

Companies House advises that companies should act before the filing deadline.

For the latest information and updates, see the Companies House website www.frc.org.uk or contact us at <http://www.fkca.co.uk>

HMRC Payment Support Service

If you are having difficulties paying taxes please contact the HMRC Payment Support Service direct:

Self assessment 0300 200 3822
Other taxes 0300 200 3835

Lines are open Monday to Friday:
8am to 8pm, Saturday: 8am to 4pm.

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