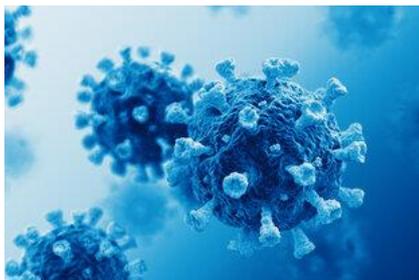


Monthly News

Welcome to our monthly newswire. We hope you enjoy reading this newsletter and find it useful. Please contact us if you would like to discuss any matters further.

FURLOUGH GRANT REDUCES TO 70% FOR JULY

For the month of July the CJRS Furlough grant support from the government via HMRC reduces to 70% of the employee's usual pay for hours not worked. This is despite the fact that "Freedom Day" in England has been delayed four weeks to 19 July 2021, and now called "Terminus Day". The government support to employers will then reduce to 60% in August and September.



CORRECTING ERRORS IN EARLIER FURLOUGH CLAIMS

The numerous changes in the method of calculating CJRS furlough grants will no doubt have resulted in errors by some employers.

Remember that you are required to tell HMRC about overclaimed CJRS grants as part of your next claim. You will be asked when making your claim whether you need to adjust the amount down to take account of a previous overclaim. Your new claim amount will be reduced to reflect this. You

should keep a record of this adjustment for 6 years.

You should also be aware that HMRC may levy a penalty even if the error is careless or due to a misinterpretation of the rules.

You might therefore like us to check any previous claims that you have made.

If you have made an error that has resulted in an underclaimed amount, you should contact HMRC to amend your claim. As you are increasing the amount of your claim HMRC will need to conduct additional checks.

FIFTH SELF-EMPLOYED INCOME SUPPORT GRANT TO BE PAID IN JULY

The fifth (and final) SEISS grant will be available for the self-employed to claim towards the end of July.

The eligibility criteria remain broadly the same as the fourth grant. Self-employed profits in 2019/20 must not exceed £50,000 and must be more than 50% of your total income. If that test is not met, then the same £50,000 and 50% tests are applied to average profits and total income over the four fiscal years to 2019/20.

Self-employed traders need not have claimed grants under the previous scheme to qualify for the July payment and will be required to confirm that their business continues to be adversely affected by Covid-19. The amount that traders will be able to claim will depend on how much their turnover has reduced by. If the reduction is more than 30% the

grant will be 80% of average profits capped at £7,500 but if less than 30% only 30% of average profits, capped at £2,850. We are still waiting for more details from HMRC on the basis for the turnover comparison.

PLEASE LET US HAVE DETAILS OF YOUR SEISS GRANTS FOR YOUR 2020/21 TAX RETURN

As you are probably aware tax agents were not able to claim SEISS grants on their client's behalf, and we do not currently have access to the amounts you have claimed.

If you are self-employed and have received any SEISS grants in 2020/21 can you please let us have details of the amounts received so that we can include the correct amounts in your return. The amounts received are taxable but should not be included in your turnover as that would mean double counting.

TAX FREE CHILDCARE ACCOUNT SUBSIDISES SUMMER CAMP COSTS

If you have children under 12 who attend a nursery, after school club, playscheme, childminder or you are considering sending them to a summer camp you should think about setting up a tax-free childcare account. The government adds 25% to the amounts that you save in the account up to £2,000 for each child so £8,000 is topped up to £10,000 (a higher amount applies for disabled children). The account is then used to pay Ofsted registered childcare providers.

Note that it doesn't need to be the child's parents paying into the account, uncles, aunts, grandparents and others can also make payments.

Note also that you are not eligible if you or your partner have adjusted net income in excess of £100,000 for the current tax year.

This scheme will gradually replace childcare vouchers which many employers continue to provide to employees. These are free from tax and national insurance (there are limits) and can be used to pay for childcare until the child is 16. Childcare voucher schemes can no longer be set up but employees already eligible can continue to benefit.

PENSION CONTRIBUTION IS TAX EFFICIENT FOR BOTH EMPLOYEE AND EMPLOYER

Pension contributions to approved pension funds on behalf of employees and directors continue to be a tax-free benefit provided the annual input limit is not breached. The contributions are also deductible for the employer provided incurred wholly and exclusively for the purposes of the trade and paid before the end of the accounting period of the business.

For most taxpayers the annual input limit is £40,000 and this overall limit applies to contributions by the employee plus contributions made by the employer on the employee's behalf. It is also possible to take advantage of unused relief from the previous three fiscal years.

Payments into the pension fund by the employing business will be deductible against business profits. Currently this will only save

19% corporation tax but from 1 April 2023 will save 25% where profits exceed £250,000 and 26.5% where profits are between £50,000 and £250,000.

Note that these limits are divided by the number of associated companies, i.e. under common control.

Although the contribution on behalf of the employee or director may be tax-free they are generally not able to access the fund until age 55.

There have been a number of "schemes" devised over the years to exploit the pension rules.

HMRC WARNING NOT TO USE UNFUNDED PENSION ARRANGEMENTS

HMRC are currently attacking a marketed tax avoidance scheme using unfunded pension arrangements to avoid Corporation Tax, Income Tax and National Insurance contributions.



HMRC strongly believes these arrangements do not work and will seek to challenge anyone promoting or using these arrangements and make sure the correct tax is paid.

Users of these arrangements may pay considerable fees to use them yet may still have to repay the tax claimed to be avoided, as well as interest and a penalty. Contact us if you are approached to use such a scheme.

Protecting your business against fraud

Instances of fraud have increased during the pandemic - what can you do to help mitigate the risks?

Throughout the Covid-19 pandemic, businesses have experienced an increase in the level of fraudulent activity. Many firms have moved their business activities online and with more employees now working from home, there are increased opportunities for fraudsters to target them.

Invoice fraud is on the rise and while not a particularly new scam, it can be catastrophic for businesses who fall victim to it. Invoice fraud occurs when a fake email address is used to contact a business, pretending to be one of the firm's suppliers. The emails tend to mimic those that the firm usually receives from suppliers, including logos and signoffs.

The email will tend to instruct the firm to direct future invoice payments to a different bank account. When the firm receives the next legitimate invoice, they will unwittingly make the payment to the fraudsters bank account. Even if the funds are recalled through your bank, there is no guarantee that the funds can be recovered.

The best way to protect your business against fraud is to educate your staff. Your firm should deliver regular training sessions to all staff on common security threats (online and offline) as well as prevention measures that they can implement. Training

Please contact a member of our team if you would like to discuss any of the issues raised.

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should include case studies which show how to spot a fake email address and all staff should be trained to question any request from suppliers regarding changes to payment details and so forth.



Next, you should focus on defending your firm's systems and data effectively. These days, most financial transactions take place online, so put appropriate systems and processes in place to prevent fraud.

Your firm should also invest in an up to date cyber security software package including a firewall, data encryption, automatic back-up of all data and password management. Finally, all staff should change their password on a regular basis.

Crowdfunding

What is crowdfunding and how does it actually work?

Crowdfunding is a way of raising money for a business venture, personal endeavor, or charitable cause, where a large number of people invest in or donate money to the cause.

Crowdfunding is becoming more popular with startup and early-stage businesses which can often struggle to secure funding from traditional lenders such as banks or financial institutions.

As the name suggests, crowdfunding is about engaging a crowd of people to co-fund a

particular project. Funding for say, a startup business, can be provided by hundreds or even thousands of individual investors. They all come together to provide money to get a project off the ground and all share in the risk or reward of that project.

Crowdfunding works well in today's social media driven environment as it's all about telling a story and inspiring people to invest in your particular venture. There are different types of crowdfunding including donation based crowdfunding, equity crowdfunding and debt crowdfunding.

Donation based crowdfunding is where people simply give some money to a new venture. Those who donate often get something tangible in return, such as being one of the first customers to receive the new product or service.

Equity crowdfunding is popular with business start-ups as it allows the new business to offer some shares in exchange for incoming capital.

Debt crowdfunding allows individuals to act as private lenders. Those lenders can spread risk by pooling their funds to lend to a wide variety of businesses. The debt must be repaid and the repayments usually happen on a monthly basis.

Popular crowdfunding platforms in the UK include Crowdfunder, JustGiving, Crowdcube and Funding Circle. Different platforms suit different needs so it is worth doing plenty of research before deciding on using a particular crowdfunding platform.

DIARY OF MAIN TAX EVENTS JULY/ AUGUST 2021

Date	What's Due
01/07	Corporation tax for year to 30/9/20 (unless pay quarterly)
05/07	Last date for agreeing PAYE settlement agreements for 2020/21 employee benefits
05/07	Deadline for agents and tenants to submit returns of rent paid to non-resident landlords and tax deducted for 2020/21
06/07	Deadline for forms P11D and P11D(b) for 2020/21 tax year. Also deadline for notifying HMRC of shares and options awarded to employees.
19/07	PAYE & NIC deductions, and CIS return and tax, for month to 5/7/21 (due 22/07 if you pay electronically)
31/7	50% payment on account of 2021/22 tax liability due.
01/08	Corporation tax for year to 31/10/20 (unless pay quarterly)
19/08	PAYE & NIC deductions, and CIS return and tax, for month to 5/8/21 (due 22/08 if you pay electronically)

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