Welcome to our Winter Newsletter

Reflecting on 2024...

As we reflect on an incredible year, we are filled with gratitude and excitement for all that we've accomplished together.

In 2024, we successfully combined our Chichester and Lavant offices into a vibrant new home at Drayton House, marking a significant milestone in our journey.

We also celebrated our largest acquisition to date with the addition of our Southsea office, where we warmly welcomed 12 new members of staff.

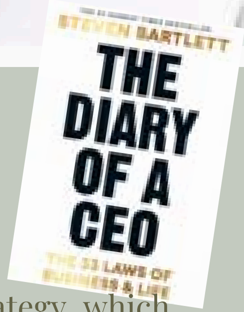
This year has been filled with memorable moments, including the arrival of Matt Brennan's baby, three members of staff purchasing their homes, and plenty of laughter shared at our events.

As we look ahead, we want to extend our heartfelt thanks to all of our clients. Your unwavering support is the foundation of our success, and we wouldn't be here without you!

Please note, our offices will be closed from the end of play on 23rd December and will reopen on 2nd January.

Wishing you all a very Merry Christmas and a prosperous New Year, filled with continued success and growth.

Book of the Quarter



The Diary of a CEO:
The 33 Laws of Business and Life

By *Stephen Bartlett*

This isn't a book about business strategy, which changes with the seasons. It's about timeless principles that endure.

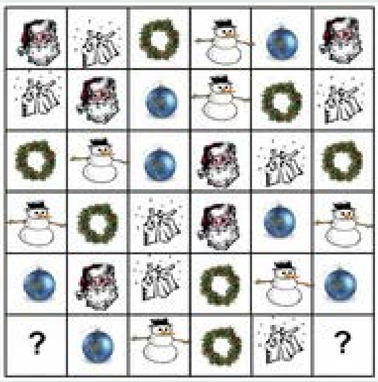
Through Stephen's entrepreneurial journey and thousands of podcast interviews, he discovered fundamental laws that drive success. These principles apply to any industry and anyone striving to build something extraordinary or reach their full potential.

Rooted in psychology and behavioral science, they're shaped by insights from tens of thousands of people worldwide and enriched by conversations with the world's most successful individuals.

Quarterly Quiz

Win a copy of our book of the quarter!

Which symbol should replace both question marks to continue the sequence?



Email: info@jamestoddandco.co.uk to enter!

The answer to last quarters quiz was 52! Congratulations to our winner; James

What Have The Team Been Up To?

Staff Events

We’re thrilled to announce that our Spooktacular Halloween Dress-Up Competition and Sweet Jar game raised an impressive £187.50 (inc Gift Aid) for an amazing charity in Hampshire called Simon Says Child Bereavement Support!

It was fantastic to see the whole team come together for this fun event, with everyone contributing to a buffet lunch and getting into the Halloween spirit. A special congratulations to Lauren Mackrell, our winner, who stole the show with her Mr Worldwide look!

Thank you to everyone who took part – it was a spooktacular time for a great cause!

Achievements

A huge congratulations to Chloe Field and Dolly Coppard on the purchase of their first homes – what an incredible achievement! This milestone is a testament to their hard work and determination, and we couldn’t be happier for them.

We’d also like to give a special shoutout to Lauren Mackrell, who ran 10 miles for the wonderful charity Sage House Dementia Support and raised an amazing £250! What a fantastic effort for such a worthy cause.

Well done, Chloe, Dolly, and Lauren – your accomplishments are truly inspiring!

Christmas Giving

With Christmas approaching, we’re proud to support the V2 Radio Sussex Toy Appeal by swapping our Secret Santa to collecting toys for those less fortunate.

This initiative helps local charities bring joy to children in need by collecting toys and gifts.

Christmas Festivities

This year, we held a fun and festive competition where each team had to create decorations inspired by a classic Christmas film. The challenge promoted creativity and teamwork as everyone brought their ideas to life, with each room showcasing a unique interpretation of a Christmas Film.

A special shoutout goes to the Payroll team for taking first place with their outstanding decorations, their theme was ‘The Grinch’, and to the Bookkeeping team for securing second place with their fantastic interpretation of ‘Elf’!

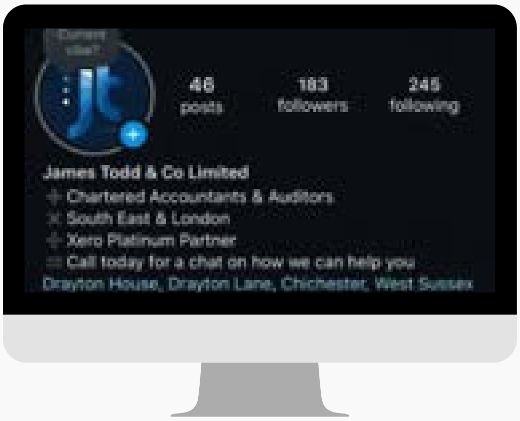
It was a wonderful opportunity for everyone to come together, have some fun, and celebrate the season in a creative way. Great fun was had by all!

Christmas Festivities

We have also hosted a festive wreath-making evening, and it was a huge success! Surrounded by Christmas music, prosecco, and plenty of laughs, our team had a fantastic time crafting beautiful wreaths to kick off the holiday season.

It was a fun and creative way to bond, spread festive cheer, and enjoy each other's company.

A big thank you to everyone who joined in — it was truly an evening full of joy and holiday spirit!



Social Media

Stay connected with us by following our social media profiles!

We regularly share updates on our latest team activities, industry insights, and important accounting news that may be relevant to you.

By following us, you'll stay informed on key developments, tax tips, financial advice, and other essential updates to help your business thrive.

Be sure to check out our profiles on Linkedin, Instagram and Facebook to keep up with all the latest from our firm!

Pertinent Information Worth Noting

Making Tax Digital

Making tax digital for ITSA

If you are an unincorporated landlord and/or a sole trader and your business and/or property income is more than £50,000 a year, you will need to comply with the requirements of Making Tax Digital for Income Tax (MTD for ITSA) from 6 April 2026. This will mean that you will need to maintain digital records and make quarterly returns to HMRC using software which is compatible with MTD for ITSA.

MTD for ITSA will apply to sole traders and unincorporated landlords with business and/or property income of between £30,000 and £50,000 from 6 April 2027.It is to be extended to sole traders and unincorporated landlords with business and/or property income of more than £20,000 by the end of the current Parliament.

If you are a sole trader or an unincorporated landlord, contact us to find out your MTD for ITSA start date and what you need to do ahead of that date to ensure that you are ready.

Tax owing?

HMRC offers Time to Pay (TTP) where a business or individual is struggling to make a tax payment because of genuine financial hardship or personal difficulties.

TTP can be used for business taxes, such as VAT and employers' PAYE, as well as self assessment liabilities. It can cover all outstanding amounts overdue, including penalties and interest.

You can set up a repayment plan online, without any need to phone HMRC, where the total debt is below a particular threshold. Businesses can apply online where up to £100,000 is owing and individuals owing up to £30,000. To use the online application service, there are also certain other conditions. These can be found on gov.uk, on the page 'If you cannot pay your tax bill on time'. If you fall outside these criteria, it may still be possible to arrange TTP, but a phone call to HMRC will be needed.

There is no standard TTP arrangement. Monthly repayments are always worked out on an individual basis, with reference to specific financial circumstances. They can be varied over time, again based on individual circumstances. The length of the arrangement depends on how much is owed, though the aim is always to repay as quickly as possible. HMRC generally expects repayment within 12 months. Anything longer than this is viewed as 'exceptional'.

Interest still runs on any overdue tax, even where there is a TTP arrangement.

Note, too, that HMRC normally expects any new debt to be paid in full and on time.

Capital gains tax

Capital gains tax change

The rates of capital gains tax applying to gains other than residential property gains and carried interest were increased in the 2024 Autumn Budget with immediate effect from 30 October 2024.
The changes mean that from 30 October 2024, capital gains are taxed at 18% where income and gains fall in the basic rate band and at 24% on gains once the basic rate band has been used up. The basic rate band for 2024/25 is set at £37,700.

Where the disposal took place prior to 30 October 2024, gains other than residential gains were taxed at 10% where income and gains did not exceed the basic rate band, and at 20% thereafter.

The rates of capital gains tax applying to residential gains are unchanged, remaining at 18% where income and gains fall in the basic rate band and at 24%once the basic rate band has been used.
The rates remain at 18% and 24%for the 2025/26 tax year, and the annual exempt amount remains at £3,000.

If you are planning on disposing of an investment property or second home in the not too distance future, you may wish to consider making the disposal before 6 April 2026 while the current residential rates remain in place.

If you are planning on selling other assets, the new rates will increase your capital gains tax bill. Speak to us to find out more.

Business Asset Disposal Relief

Business Asset Disposal Relief (BADR) is a relief that charges gains on the disposal of a business, business assets or shares in a personal company at a favourable rate up to your lifetime limit of £1 million. To benefit from the favourable rate, you must have met the qualifying conditions for the two year period up to the date of the cessation of your business or the disposal of your business or shares, as appropriate.

Currently, gains qualifying for BADR benefit from a 10% rate of tax, regardless of the rate at which you pay tax. This is a saving of 8% or 14% compared to the standard rates, depending whether or not your income and gains exceed the basic rate band. The 10% rate is only available until 5 April 2025. The favourable rate is increased to 14% for 2025/26 and to 18% from 6 April 2026.

If you are planning on retiring or ceasing your business in the near future, speak to us regarding your optimal cessation date to take advantage of the best capital gains tax rates to minimise the tax you will pay on the disposal.

National insurance Contributions

National insurance changes for employers

In her Autumn Budget, the Chancellor announced that the rate of employer's secondary National Insurance will rise to 15% from 6 April 2025. From the same date, the secondary threshold will fall to £5,000. This means that if you are an employer, not only will you pay employer's National Insurance at a higher rate, you will also pay it on more of your employee's earnings unless one of the upper secondary thresholds applies.

There is a little bit of help at hand as the Employment Allowance will increase from £5,000 to £10,500from 6 April 2025. If you area small employer or a family company with only a handful of employees, you may not notice any increase ln your bill, and it may even fall. However, for larger employers, the impact of the increases may be significant.

The increase is not limited to employers' Class 1 National Insurance - it also applies to Class lA National Insurance on benefits in kind, taxable termination payments and taxable sporting testimonials and to Class 1B National Insurance on items within a PAYE Settlement Agreement, and also the tax due under the agreement, both of which are aligned with the secondary Class 1 rate and are increased to 15% from 6 April 2025.

If you are an employer, why not get in touch to find out how the increases will affect you and what action you can take to reduce your bills.

Benefits in kind

Payrolling

If you are an employer and you provide taxable expenses and benefits to your employees, you will need to move to payrolling all benefits with the exception of employment-related loans and living accommodation if you do not already do so from 6 April 2026. Under payrolling, the taxable value of the benefit is treated like extra salary paid in instalments throughout the year and the associated tax is collected through PAYE and deducted from the employee's cash pay. Where a benefit is payrolled, you do not need to notify HMRC of that benefit on the employee's PllD. However, you will still need to make a Class lA National Insurance return and take account of that benefit.

Talk to us about what payrolling will mean for you and how to make the switch.

Company cars and vans

A tax charge arises if you provide your employees with company cars and vans for their personal use.
The amount charged to tax in respect of a company car is a percentage of the car's price. The percentage depends on the car's CO_2 emissions. The percentages that will apply for 2028/29 and 2029/30 have now been announced. For each year, the charge for zero emission vehicles will increase by two percentage points, to 7% in 2028/29 and to 9% in 2029/30.

The percentage for cars with CO_2 emissions in the 1-50g/km range will be 18% in 2028/29 and 19% in 2029/30. The appropriate percentage for all other bands will increase by one percentage point in both 2028/29 and2029/30, while the maximum charge will increase to 38% in 2028/29 and to 39% in 2029/30.

The multiplier used to determine the tax charge where fuel is provided for private travel in a company car is increased to £28,200 for 2025/26.

The amount charged to tax where an employee has unlimited use of a company van, other than an electric van, is increased to £4,020 for 2025/26. If fuel is also provided, the amount taxed in respect of the fuel is increased to £769 for 2025/26.

To help you plan ahead, speak to us about what these changes mean for your vehicle fleet.

Basis period reform

Move to tax year basis

If you are a sole trader or in partnership, the way in which your profits are assessed has changed. For 2024/25 and later tax years, you will be assessed on your profits for the tax year, regardless of the date to which you prepare your accounts. If your accounting date does not correspond with the tax year, your profit for the tax year will be found by apportioning the profits from two sets of accounts.

The 2023/24 tax year was a transition year, and if your accounting date is not between 31 March and 5 April inclusive, you will have transition profits to take into account. The transition profits are taxed over five tax years - 2023/24 to 2027/28 inclusive, so in those years you will be taxed on your profits for the year plus one-fifth of your transition profits, meaning higher tax bills for those years.

Talk to us about what the move to the tax year basis means for you and how the taxation of transition profits will impact on your tax bills, and whether it is worth accelerating some or all of those profits so that they are taxed in an earlier tax year at a more favourable rate.

Inheritance Tax

Business property relief and agricultural property relief

If you have a farm or a business that you are planning to pass on to your family, the changes to business property relief and agricultural property relief announced in the Budget may affect you.
Currently, 100% relief from inheritance tax is available for eligible agricultural and business property.

As far as agricultural property relief (APR) is concerned, 100% relief is available for land used for pasture or to grow crops or rear animals, and also for farm buildings, including the farmhouse and farm cottages, as long as certain conditions are met. It does not apply to farm equipment and machinery, livestock and harvested crops.

Business property relief (BPR) provides relief from inheritance tax where business property, unlisted shares or machinery are passed on, either during the owner's lifetime or on their death. Currently, 100% relief is available on the transfer of a business or an interest in a business and on shares in an unlisted company.

From April 2026, 100% relief will be limited to the first £1 million of combined business and agricultural property. Thereafter, business and agricultural property otherwise eligible for 100%relief will only receive 50% relief - meaning that it will be taxed at an inheritance tax rate of 20%. In addition, the rate of BPR for unlisted shares will be reduced to 50%.

BPR and APR are available in addition to the nil rate band and residence nil rate band. This means that a couple may be able to pass on a farm or a business worth up to £3 million free of inheritance tax.
If you are worried about the impact of the changes, get in touch to discuss what they mean for you and the planning opportunities available to you to reduce the hit.

Major change for holiday lets

Preferential tax rules for furnished holiday lettings (FHLs) end in April 2025, removing any tax incentive to offer short-term holiday lets, rather than letting residential property on a longer basis.

Where properties have qualified for FHL treatment, income has essentially been counted as trading income, giving access to a range of favourable provisions. The change impacts both individuals and companies, and has effect from 6 April 2025 for Income Tax and Capital Gains Tax and from 1 April 2025 for Corporation Tax.

What's changing?

- Admin: Rather than being calculated and reported separately, as at present, income and gains from FHLs will simply form part of your UK or overseas property business.
- Finance costs: Though other landlords have had relief for loan interest on residential property restricted to relief at basic rate for Income Tax, for FHLs, interest costs have been allowed in full. From April 2025, loan interest for FHLs will be similarly restricted. This will particularly impact those paying tax at higher rates.
- Capital allowances: Rules here have been favourable, giving relief for items like furniture, equipment and fixtures. From April 2025, the rules on capital allowances for FHLs change for new expenditure, and tax relief will come via replacement of domestic items relief. The rules allow that where an existing FHL business has an ongoing capital allowance pool, it can continue to claim writing down allowances on that pool.
- Disposal of business and business assets: Capital Gains Tax reliefs for traders, such as Business Asset Rollover Relief and Business Asset Disposal Relief (BADR) have been available for FHLs. With the change, this access will be blocked, ruling out availability of these significant reliefs in the longer term. Relief may still be available where FHLs are sold prior to the change, and we can advise in more depth here.
- Pensions: Income from FHLs has counted as relevant UK earnings for pensions purposes, a particularly important planning tool as it may mean tax relief can be given for higher contributions. With the change, such income no longer counts.
- Losses: From April 2025, your UK or overseas property business will include the amalgamated profits and losses of all properties in that business. Any losses brought forward from FHLs can be carried forward and set against the future profits of your UK or overseas property business.

Other points to note

- For VAT purposes, the supply of holiday accommodation is standard-rated. It is not an exempt supply.
- Previously, where FHLs have been owned jointly by married couples and civil partners, it's not been necessary to split income in a 50:50 ratio. Under the new rules, there will be a default 50:50 split, unless action is taken. We can advise further here.
- If you decide to cease trading, action is needed before 5 April 2025, and the timing of the sale of a business or business asset is critical to obtaining relief. Anti-forestalling rules are in place to prevent access to CGT reliefs in specific circumstances.

How will it impact me?

If the changes make remaining in the market less attractive, you do have options. Selling the property is one possibility, though there are also tax implications to take into account here. It might be that the disposal is eligible for BADR, and a 10% tax charge. Where BADR is not available, gains would be chargeable at the new 24% rate for residential property. Another possibility is passing property on, perhaps to the next generation. Again, there are tax consequences to think about, and we can advise further here. In some cases, incorporation may be appropriate. This would have to be balanced against the cost of stamp duty and CGT on the transfer.

Finally, if you decide to continue in the holiday market, be aware that tax bills are likely to increase and that scope for pension provision falls.

Working with you

There is a small window of opportunity in the run-up to April 2025 to take stock of these changes and consider whether you might want to restructure your affairs. In this article we have only been able to look at some of the headline issues involved, but we can advise more fully on exactly what the change will mean for you. Please do get in touch.

Extra staff for Christmas

Employers boosting their workforce — even temporarily — need to remember the pensions automatic enrolment rules.

Under the rules, every employer in the UK has an obligation to put specific staff into a workplace pension scheme and contribute towards it. There is no minimum threshold to being an employer: if you employ at least one person, you're classed as an employer for these purposes.

The first step is to check whether you need to provide a pension scheme and make contributions into it. And the answer is yes, if anyone working for you is between the age of 22 and State Pension age, and earns more than £192 a week, or £833 a month. The rules apply equally to short-term, seasonal, temporary or other staff who are not on regular hours or incomes. Any new staff taken on — including seasonal workers —should then be assessed every time they are paid, to see if they need to be put into the scheme. Where staff work irregular hours or receive irregular payments, they will also need to be enrolled the first time they earn over these thresholds.

Employer option

But there is a potential workaround where you know staff will be working for you for less than three months. Called ‘postponement’, it essentially puts the need to assess staff on hold for three months. Postponement can be used for as many or as few staff as you prefer, and the postponement period doesn’t have to be the same length for everyone. During this period, you won’t be required to put staff into a pension scheme, or make contributions into it. There is no need to notify The Pensions Regulator if you want to use the process.

There is still considerable small print to get right, however. Staff need to be kept informed: if you intend to use postponement, you must write to staff to say so. There are also time limits to be aware of. You have six weeks from the date postponement starts to write to your staff.

Staff also have rights, and may ask to join or opt into the employer scheme, even during the postponement period. Staff choices over opting in, opting out and joining form a complex area of their own, and we should be pleased to advise further.

Finally, bear in mind that it’s only a short-term fix. It’s compliance as usual on the last day of the postponement. At this stage, you will have to assess staff to see if they are eligible; put those eligible into your pension scheme; and start to make contributions.

Compliance

Employers will be aware that The Pensions Regulator monitors compliance very carefully, and where an employer doesn’t carry out their workplace pensions duties, it may issue a warning notice and deadline for compliance. Where there is continued failure to comply, employers can be fined.

Working with you

The auto-enrolment rules have a long reach and can be daunting to navigate. Please do contact us with any queries or concerns you may have.

Tax Returns

The submission deadline for the 2023/24 Personal Tax Returns is **31st January 2025** and any tax due should be paid by this date. We would like to complete your Tax Return as soon as possible to advise of any tax liabilities in plenty of time prior to the deadline and to avoid any last minute rush.

In order to ensure we can meet the filing deadline we would ask that you send in your personal tax return as soon as possible. If the information is not received until January then we cannot guarantee we can meet the deadline.

Our Business is helping *your* business succeed...

stripe

We are now able to take card payments using Stripe. Our invoices will now come with a link enabling the recipient to make payment using the Stripe platform or you can contact us direct to make a card payment.

GoCardless

We use this service to give our clients the option of paying our invoices by direct debit, thus negating the need to manually pay our invoices. This can be particularly useful if you subscribe to a regularly monthly service from us. The invoice is raised and issued in the normal manner, but then is taken by direct debit at the end of the invoice payment term unless any objections are raised. If you would like to setup a direct debit then please contact us for more information..

PREMIUM CREDIT

This facility allows you to spread your accountancy fees by monthly direct debit to help you manage cashflows. If you would like to setup a direct debit then please contact us for more information.

jamestodd&co
more than just accountants

Important Dates to Remember:

December 19
Payment of PAYE/NIC and CIS deductions for month 8 (to 5 December 2024) to reach HMRC where payment is not made electronically

December 22
Cleared funds must reach HMRC in respect of month 8 (to 5 December 2024) where payment is not made electronically

December 24 - January 2
Offices closed

December 30
Deadline for submission of 2023/24 tax return online where tax due under Self Assessment of up to £3,000 is to be collected under tax code

January 1
Due date for payment of Corporation Tax for period ended 31st March 2024

January 7
Due date for VAT returns for periods ending 30 November 2024 and payment associate with VAT

January 19
Payment of PAYE/NIC and CIS deductions for month 9 to reach HMRC where payment is made electronically

January 22
Cleared funds must reach HMRC in respect of month 9 where payment of PAYE/NIC and CIS deductions is made electronically

January 31
Deadline for submission of 23/24 tax return.
First payment on account of tax and Class 4 NIC for 24/25

Important Rates:

Bank Base Rate: 4.75%
EUR to GBP = 0.83 | USD to GBP = 0.79

jamestodd&co
more than just accountants

Find us at: www.jamestoddandco.co.uk
Speak to us at: 01243 776938
Write to us at: info@jamestoddandco.co.uk
Follow us at: @jamestoddandco_accountants

Chichester Office:
Drayton House
Drayton Lane
Drayton, Chichester
PO20 2EW

Fareham Office:
Furzehall Farm
110 Wickham Road
Fareham
PO16 7JH

Southsea Office:
24 Landport Terrace
Southsea
PO1 2RG

ICAEW CHARTERED ACCOUNTANTS

CCCI Chichester Chamber of Commerce & Industry