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# The Bottom Line

TOPICAL INFORMATION FROM MAGEE GAMMON

## Employment Allowance gives SMEs £1,000 boost

For small businesses one of the most welcome announcements from this year's Spring Statement was the increase to the Employment Allowance. Chancellor Rishi Sunak raised the allowance from £4,000 to £5,000, which the government says will benefit around 495,000 businesses, or almost a third of all UK firms. We look at the Employment Allowance, who is eligible and how to claim.

### £1k tax cut

The increase announced at Spring Statement is effectively a £1,000 tax cut for eligible businesses. It means that from 6 April 2022 smaller firms will be able to claim up to £5,000 off their employer national insurance contributions (NICs) bills.

According to the government, this measure will take the total number of firms not paying NICs or the Health and Social Care Levy to 670,000.

Advocacy group Small Business Britain welcomed the Chancellor's announcement. It says the move will play a role in helping small businesses with employees deal with the significant cost-of-living challenges they are currently facing.

### Third time lucky

This is the third time the government has increased the Employment Allowance since its introduction in 2014. It says that firms will now be able to employ four full-time workers on the National Living Wage without paying employer NICs at all.

According to the government, 94% of businesses benefitting from the £1,000 increase are small and micro businesses. The sectors that will see the highest numbers of employers benefitting are the wholesale and retail sector; the professional, scientific and technical activities industry; and the construction sector.

### Hero ask

The Federation of Small Businesses (FSB) has campaigned for the increase to the Employment Allowance.

Responding to the Spring Statement, Martin McTague, National Chair of the FSB, said: 'The increase in the Employment Allowance helps small firms do what they do best, creating and sustaining jobs.'



'This was FSB's 'hero ask' at the Spring Statement, and we have hugely valued the time taken by Treasury officials to work with us on the positive impact this will have not just on work opportunities, but also training and investment.'

### Who is eligible?

Businesses and charities can claim the Employment Allowance if their employers' Class 1 NIC liabilities were less than £100,000 in the previous tax year.

It is possible to claim Employment Allowance for the previous four tax years dating back to the 2018 to 2019 tax year. Please note that some of the rules for claiming are different in previous tax years so even if your business does not meet the current criteria, a claim may be possible for an earlier year.

### When to claim

The Employment Allowance should be claimed every tax year. It can be claimed at any time in the tax year, but the earlier the allowance is claimed the quicker it will be received.

Those businesses that have failed to claim the Employment Allowance against their employers' Class 1 NI liabilities during the year have two options. They can ask for the unclaimed allowance at the end of the year to be offset against any tax or NIC liabilities, including VAT or corporation tax if there is no outstanding PAYE. If they do not owe any tax they can claim a refund.

### How to claim

The Employment Allowance can be claimed through payroll software or HMRC's PAYE tools.

**Please contact us to discuss the Employment Allowance or any other tax and payroll matters.**

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# Cryptocurrency: the future for payments?

The Treasury recently announced that it intends to recognise stablecoins as a valid form of payment as part of wider government plans to 'make Britain a global hub for cryptoasset technology and investment'. Here, we consider cryptoassets in greater detail.

## Outlining cryptocurrencies

The government defines cryptoassets as 'cryptographically secured digital representations of value or contractual rights that can be transferred, stored and traded electronically'. A range of cryptocurrencies are available, including exchange tokens, utility tokens, security tokens and stablecoins.

HMRC states that the tax treatment of cryptoassets depends on the nature and use of the token and not the definition of the token. It said that most cryptocurrency networks are not controlled by a single body or person, but that a network of users of a specific token helps to verify transactions or make technological changes.

The most widely-used consensus system for verifying cryptocurrency transactions is Proof of Work, which gives the first person to solve a randomly generated cryptographic puzzle the right to add a new entry to the distributed ledger.

The government states that the onus is on the individual to keep records of each cryptoasset transaction as cryptoasset exchanges may only keep records of transactions for a short period. Additionally, the exchange may no longer be in existence when an individual completes a tax return. Records can be kept via paper wallets; electronic wallets; downloads of wallet activity; and via hardware wallets, such as a USB stick.

## The tax position

Disposing of cryptoassets, such as cryptocurrencies like Bitcoin, brings a potential charge to capital gains tax (CGT). Disposals include the sale of assets for fiat currency, like pounds or dollars; the exchange of one cryptoasset for another, such as Bitcoin to Ether; or the use of cryptoassets to buy goods or services.

The tax position is not always intuitive. Where different types of cryptoasset are exchanged, there can be a chargeable taxable gain, even if the assets aren't converted back to fiat currency.

## Regulation of stablecoins

The Treasury defines 'stablecoin' as 'a form of cryptoasset that is typically pegged to a fiat currency such as the dollar and is intended to maintain a stable value'. The government plans to bring stablecoins within regulation in order to pave the way for use in the UK as a recognised form of payment.

Hopes are high amongst government officials that bringing stablecoins within regulation will create conditions for stablecoin issuers and service providers to operate and invest in the UK.

Commenting on the issue, Chancellor Rishi Sunak said: 'It's my ambition to make the UK a global hub for cryptoasset technology, and the measures we've outlined . . . will help to ensure firms can invest, innovate and scale up in this country.'

**'We want to see the businesses of tomorrow – and the jobs they create – here in the UK, and by regulating effectively we can give them the confidence they need to think and invest long-term.'**

**Cryptoassets and cryptocurrency are only growing in popularity, so getting to grips with its taxation is important.**





# Help to Grow gives discount on software costs

The government's Help to Grow: Digital scheme offers a 50% discount, to a maximum of £5,000, on a range of approved software.

The deal runs for three years from January 2022, and aims to increase adoption of digital technologies. Discounts currently cover particular digital accounting and customer relations management (CRM) software. However, it is expected that other products, such as e-commerce software, will be added in due course. Discounts apply to the total product price, excluding VAT, and it's important to check the terms and conditions thoroughly.

Business structure matters: this is an offer for small and medium-sized companies, not sole traders or partnerships.

To be eligible, businesses must:

- have a registered office in the UK and be registered at the relevant Companies House
- have been actively trading for over 12 months prior to date of application and have an incorporation date of at least 365 days prior to the application date
- have a total of between five and 249 employees
- be purchasing the approved software for the first time (though the scheme does cover certain clearly defined upgrades).

Applications are made online on the Help to Grow website, which also lists eligible software products. The process can be complex: it includes fraud checks and requirements to keep relevant records for six years following purchase. It can also impact on thresholds for de Minimis state aid. Please contact us for advice on using the Help to Grow: Digital discount.



## Getting to grips with 'carbon jargon'

Despite the UK's drive to reach net zero by 2050 being high up the policy and news agendas, the majority of SMEs in the UK do not understand how 'carbon jargon' applies to their businesses. So, what do these terms mean?

### Overcomplex

According to research by the British Business Bank (BBB) more than half of senior decision makers in small businesses believe the language, terminology and information around carbon emissions reduction is 'overcomplex'.

Over three in five say they would find more information and advice about taking action to measure and reduce their business's carbon emissions helpful.

### Misunderstood

The BBB's survey listed the top five 'carbon jargon' terms misunderstood by businesses. They are shown here along with their definitions.

#### 1 Greenhouse gas emissions

Emissions from human activities that increase the greenhouse effect, adding to climate change.

#### 2 Decarbonisation

The removal or reduction of carbon emissions output into the atmosphere to reduce an organisation's carbon footprint and impact on the climate. This is the process by which businesses can reach net zero through reducing, eliminating and offsetting carbon emissions.

#### 3 Net zero

Net zero is an equilibrium situation where a balance has been achieved between the amount of greenhouse gases emitted and the amount removed from the atmosphere. Achieving net zero requires reduction of carbon emissions as far as possible, combined with carbon offsetting to balance out unavoidable carbon emissions.

#### 4 Carbon neutral

Being carbon neutral means balancing carbon dioxide emissions released into the atmosphere through everyday business activities with the amount absorbed or removed from the atmosphere.

#### 5 Carbon footprint

The total carbon emissions created by business activities, such as heating and transport. It is expressed as carbon dioxide equivalent, which can be used by smaller businesses to measure how much their sustainability activities impact their carbon footprint.

### Sustainable businesses

Understanding the 'carbon jargon' is just the start: learning to create a sustainable business and prepare for green growth is a challenging process. The BBB has created a Finance Hub to provide information and guidance for businesses starting their journey.

### Getting to net zero

As the drive to net zero continues, tax laws may change, while new funding streams may become available.

**As your accountants we can help with both your tax and finance requirements: please contact us.**







## Business Round-up

### Report warns 'millions would struggle' in cashless society

A report published by the Royal Society of Arts (RSA) has suggested that millions of individuals in the UK would struggle if cash was phased out as a form of tender.

Despite just 17% of payments being made with notes and coins, the RSA said that ten million people would struggle to cope in a cashless society.

An additional 15 million people stated that going cashless would make budgeting more challenging.

The report found that many individuals felt that they have been pushed into a world they're ill equipped for, despite millions making use of contactless and smartphone payments.

Mark Hall, Project and Evaluations Lead at the RSA, said: 'For millions of people, their relationship with cash is critical to the way they manage their weekly budget.'

'Despite online banking and shopping becoming more common, our research shows the percentage of the population wholly reliant on cash is unchanged.'

### Consumer group issues fraud warning on online shopping scams

Consumer group Which? has identified 12 'emerging fraud threats'. Although online shopping scams and auction fraud are the most reported, investment fraud was responsible for the biggest losses.

Many individuals have lost huge sums of money to online shopping scams, pyramid schemes and rental fraud, Which? found.

People aged between 60 and 79 made up 20% of reports of fraud, and seemed especially vulnerable to computer repair fraud, where they made up 47% of cases.

Which? Money Editor, Jenny Ross, said: 'The government's decision to include paid-for scam adverts in the Online Safety Bill, along with promises to make reimbursement mandatory for bank transfer scam victims, was a huge step in the right direction, but it's now up to the government and regulators to get it right.'

'We will be checking carefully that the Online Safety Bill goes far enough in protecting consumers from fake and fraudulent adverts, and it's vital that the government swiftly introduces the right legislation for bank transfer fraud that will ensure victims get fair and consistent treatment.'



## Reminders for your diary

### May 2022

- 3 Deadline for submitting P46(Car) for employees whose car/fuel benefits changed during the quarter to 5 April 2022.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 May 2022.
- 31 Deadline for forms P60 for 2021/22 to be issued to employees.

### June 2022

- 1 New Advisory Fuel Rates (AFR) for company car users apply from today.
- 19 PAYE, Student loan and CIS deductions are due for the month to 5 June 2022.
- 30 End of CT61 quarterly period.

### July 2022

- 5 Deadline for reaching a PAYE Settlement Agreement for 2021/22.
- 6 Deadline for forms P11D and P11D(b) for 2021/22 to be submitted to HMRC and copies to be issued to employees concerned.  
Deadline for employers to report share incentives for 2021/22.
- 14 Due date for income tax for the CT61 period to 30 June 2022.
- 19 Class 1A NICs due for 2021/22.  
PAYE, Student loan and CIS deductions due for the month to 5 July 2022.  
Small employers PAYE quarterly payments due for the pay periods 6 April to 5 July 2022.
- 31 Second payment on account 2021/22 due.

## Tax Tip

### Make sure your Will is up to date

A Will can be a powerful planning tool. Individuals are advised to review their Will regularly to ensure any changes in their family and financial circumstances are reflected, and also to take into account any changes in tax law.

Wills can also be re-written by others within two years after your death, in the event that changes are agreed by all concerned to be appropriate.

**As your accountants, we can advise you on the latest tax law applicable to your circumstances and on the tax efficiency of the bequests you are planning to make. Please get in touch with us for more information.**