

MFW.CO.UK

Season's Greetings

A Merry Christmas and a healthy, happy and prosperous New Year from the partners and staff of McCabe Ford Williams.



We take a look at how Brexit will impact VAT.

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MFW CHRISTMAS QUIZ

Don't forget to enter our Christmas quiz for your chance to win a £100 M&S voucher.

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Payroll Matters: A time for giving

Whilst many people donate to charity all year round it is at Christmas time, the season of 'goodwill to all men', when our thoughts are most likely to turn to those less privileged. The Charities Aid Foundation (CAF) UK Giving 2018 Report stated that in 2018, November and December were the peak months for donations to charity with June being the highest for sponsorships.

Rather than signing up to charities on the street, why not allow your employees to give regular charitable donations through payroll and save tax at the same time? As an employer, you will be uniting your workforce in a collective goal, which you can add to as an incentive, if you wish.

What is Payroll Giving?

Payroll Giving is a simple and tax-efficient way for your employees to donate to a charity of their choice and, as no bank details are shared with the recipient of the donation, this is a more secure method of donating. Busy workers, who may struggle to find the time to support a charity, will also value the benefits of Payroll Giving.

Benefits for your business

There are also benefits to you, as a business, for setting up a Payroll Giving Scheme. Not only do you share in the 'feel-good' factor of your employees, you will also unite your team in your corporate social responsibility (CSR) efforts. Payroll Giving earns you recognition via the Quality Mark Scheme <http://bit.ly/CSRAccreditation> whilst the National Payroll Giving Excellence Awards www.payrollgivingawards.co.uk provides an excellent opportunity to promote your business to future employees and other stakeholders.

How does Payroll Giving work?

As donations are deducted from your employees' salaries **before tax**, but after National Insurance, Payroll Giving is a fully tax efficient way of giving to charity as your employees save tax at source. In addition, their nominated charities receive the donation plus the tax. The following example demonstrates the yield in funds for a charity from a £10 donation.

Basic rate (20%) taxpayer	High rate (40%) taxpayer	Additional (45%) taxpayer
£12.50	£16.67	£18.18

Payroll Giving Agencies

You will firstly need to sign up to a Payroll Giving Agency (PGA). A list of PGA's is available here: <http://bit.ly/PGAlist> Your chosen PGA will then distribute your donations to your employees' chosen charities. They will charge you a small set-up fee/admin fee for this service but these are deductible from your business' taxable profits.

Choosing a charity

Chances are you and your employees will already have at least one charity in mind to support. However, if you need more information you can find the list of UK approved charities on The UK Charity Register www.gov.uk/find-charity-information.

Need more payroll help?

Should you need any further advice on setting up a Payroll Giving Scheme then please contact your local MFW office who will be delighted to help.

We have a range of payroll services designed to be flexible to suit all needs. Details of these services can be viewed here mfw.co.uk/business-services/payroll

Our payroll services range from simple ad-hoc advice to providing full and on-going payroll support. Ask us today for more details.

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Charities supported by us in 2019

Save the Children (Christmas Jumper Day)
Jeans for Genes Day
Sandwich Concert Band
Rotary Club of Dover
Crabble Corn Mill Trust
Kent Association for the Blind
Dover Athletic Community Trust
Dover Lifeguard Club
Old Pharosians' Association
Macmillan Cancer Support (Macmillan Coffee Morning)
Air Ambulance Kent Surrey Sussex
Queen Victoria Memorial Hospital, Herne Bay
Aspire Charity (for spinal cord injuries)
Sittingbourne Baptist Church Food Bank
Oliver Fisher Special Baby Care Trust
Wingham Wildlife Park (sponsoring the Moon Bears)
Down's Syndrome Association
Maidstone Churches Winter Shelter
Pilgrims Hospice Ashford





Tax Matters: VAT and BREXIT



The second Brexit delay may not be welcome but it does provide, at least, the opportunity for businesses to consider VAT changes in more detail. Advice should be sought now if, you have not already done so.

Whilst those affected the most will be importers and exporters, changes will also impact businesses providing and receiving services from the EU.

Key areas

It is important to prepare for Brexit as far as possible with attention focussed on matters such as contracts, staff, budgets and software. All processes in a business will need reviewing from a VAT perspective to assess which ones will be affected by the proposed changes.

EORI

We have already seen deliveries from the EU taking longer due to delays at borders. In order to be able to trade with the EU an EORI number will be required www.gov.uk/eori. EORI is short for Economic Operator Registration and Identification. A GB EORI number allows importers and exporters to have their goods cleared through customs.

Most recently, HMRC have been issuing EORI numbers automatically where businesses have been trading with the EU prior to 2018. Even so, it is a business' responsibility to ensure that they have an EORI number, should it be required.

If exporting to the EU, businesses should check whether VAT registration in the country is required where goods enter the EU, where sale is made, or where goods will be stored. Should registration be required, the appointment of a VAT representative could be necessary. A VAT representative is distinctly different to a VAT agent. A VAT representative will be responsible for the VAT liability together with the UK business and therefore their services will be much more expensive.

Documentation

One of the biggest challenges will be the import/export documentation for those with no prior experience. In that case, a business has an option to use a freight agent. However, for those eager to deal with matters in-house, grants are available for training and information

technology. For details on grants, and how to apply for them, visit: <http://bit.ly/Customsdeclarationsgrants>

In order to make export declarations a business would need to register for the National Export Scheme (NES) <http://bit.ly/theNES>.

Contracts should be reviewed, with new contracts negotiated with consideration for which party is responsible for paying import VAT and duties, where relevant.

Services

Certain industries, such as those in the financial and telecommunication sectors will be affected. Those offering goods for hire, businesses offering digital services to consumers who currently take advantage of the Mini One Stop Shop Scheme (MOSS) and those whose supplies fall under Tour Operators Margin Scheme (TOMS) will also need to watch out.

MOSS

The current de minimis threshold of €10,000 in respect of a VAT registration in an EU member state where digital services are provided will no longer be available to UK suppliers. MOSS simplified arrangement will still be available, but only through one of the EU member states, not the UK. The alternative remains registering in every single EU country where these supplies are provided.

TOMS

There are plans to enact new legislation, which would zero-rate supplies to outside of the UK, which currently only affects supplies to outside of the EU. If this legislation is passed it could be that a UK based tour

operator may have to register for VAT in a EU member state, depending on how the question of place of supply is determined after Brexit.

Financial services

Proposals have been put forward but it has yet to be agreed whether the exemption will apply to the EU or not. This will be an important change, as if enabled, this could mean that input tax recovery would be possible for UK businesses providing financial (and insurance) services within the EU.

Transitional Simplified Procedures (TSP)

These procedures apply to business owners who do not currently import, but will become importers once the UK leaves the EU.

TSP will allow these businesses, or their freight forwarders, to record simple details in relation to an import in commercial records, without having to complete a detailed C88 form at that time. However, a more detailed declaration would still need to be completed at a later date.

There are restrictions as to who may register which would bar a business from accessing TSP, such as if imports fall under a special customs procedure or, if a business has not kept up to date with their compliance obligations.

Registration is optional and the operation flexible as TSP may be applied to some imports and not others, at the business' discretion.



Tax Matters: VAT and BREXIT

Under TSP the following information must be recorded before goods cross a border:

- Description of the goods and commodity code(s)
- The number of items imported
- Purchase and sales invoice numbers
- Value for customs
- Consignment reference number
- Serial numbers for certificates/licences
- Supplier emails

Once the goods cross the border, the commercial documents must be amended to show the expected date and time of the arrival of the goods in the UK.

Thereafter, a supplementary declaration must be completed within the deadline, being the fourth day of the month following the arrival of the goods into the UK. Alternatively, a business can delay submission until 6 May 2020. However, it may even be possible to group a number of deliveries onto a single form, which would reduce the administrative burden on the business.

After that, any taxes/duties will be taken by HMRC by direct debit regardless of whether the business has chosen to take advantage of postponing submission of supplementary declarations.

If a business uses postponed import VAT accounting, then it should include the import VAT in its next VAT return to pay the import VAT to HMRC. The business may be able to reclaim the same import VAT on the said return, too.

Postponed import VAT accounting

HMRC has confirmed that in the event of a no-deal Brexit businesses will be able to account for VAT in much the same way as they currently account for acquisition VAT,

which is also reclaimed on the same return.

Without this provision, a business would have to pay the import VAT at the time of the import and be only able to recover it after receiving a certificate from HMRC. This would create a cash flow disadvantage for the business.

Businesses will be able to use the postponed import VAT accounting in the following circumstances:

- Goods are for business use only, and
- VAT registration/EORI is used on the customs declaration
- Business is using TSP

Deferment account

If Customs/Excise duty or import VAT are required to be paid a deferment account will be needed. The exception is where import VAT is dealt with under TSP and no duties arise.

Without a deferment account, the duties and import VAT are paid on import, usually via a freight forwarder. They would then recharge these costs when they raise their invoice on top of their fee.

Clients are advised to check if any reliefs are available and if duties are payable. Duties are set based on the nature of the goods and the applicable tariffs.

Other

The current EU VAT checking system remains in place. HMRC are currently in the process of developing a similar system designed for validating UK VAT numbers.

The EU refund scheme will cease to be accessible to UK business in the event of a no-deal. The scheme enables an EU business, that incurred input VAT in another member state, to claim back VAT through a

special procedure. On a positive note, a similar system will be available instead. **However, clients are advised to carefully note the differences there will be regarding time limits for submission and periods for claim.**

Conclusion

It is difficult to advise on what will happen whilst the Brexit outcome is still uncertain. Although we had outlined the expected changes above, there will inevitably be further changes, or even amendments to these anticipated changes nearer the time, whenever that may be.

The key is for clients and advisers to try to keep abreast of the changes and put provisions in place that will enable them to deal with whatever may transpire.

We will keep you posted of any changes in due course, however, if you do have any concerns regarding VAT or, any other tax matter, then do not hesitate to get in touch with myself or your local MFW office: mfw.co.uk/contact



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The MFW mobile app - our gift to you

Don't forget that you can download our mobile app to help you maximise your business and financial opportunities. It is free to download and can be used by clients and non-clients alike.

Key benefits

- Receipt Manager
- Mileage Tracker
- Income Manager
- Useful Tax Calculators
- Links to your Cloud Accounting software
- Access to our client portal
- Latest news and updates

How to download

Simply click on the relevant link below or scan the QR code using your phone's camera or via a QR code reader.





Protect yourself from an HMRC Tax Investigation

In the year to April 2018, as part of their plans to tackle tax evasion and avoidance, HMRC brought in a record total of £605.8bn in taxes, up 5.4% (£30.9bn) on the previous year. Part of their success is due to computer risk profiling carried out by a super computer, meaning that HMRC can now trace even the smallest discrepancy in your spending versus your earnings.

Could you be the subject of a tax investigation?

HMRC launched 1,007 prosecutions against individuals last year, beating its target (1,000) for the sixth year in a row. As subjects of HMRC tax inspections can be selected at random, anyone who submits a tax return is a potential target. Even if you have done nothing wrong, you could still find yourself subject to an HMRC enquiry.

HMRC has the power to make unannounced visits to inspect business documents and assets at your premises and ask for documents and information for up to the last six years. These inspections are disruptive, intrusive and expensive with some investigations dragging on for a year or more, creating mounting costs and rocketing stress levels.

However, do not worry as our protection service can help

MFW Tax Investigation Service

As part of a thorough service, we offer our clients a solution in the form of our Tax Investigation Service <http://bit.ly/MFWTISLP>

For a small annual fee, our clients can sign up for this service which, if they are unlucky enough to become the subject of an HMRC tax investigation, will protect them against the cost of our fees for defending most tax investigations. This not only helps save money but also alleviates the time and stresses of dealing with an investigation.



Cover for all

For limited companies and partnerships, our Tax Investigation Service provides inclusive cover for all relevant individuals.

So, if your business subscribes to the service all of your directors (or partners, as appropriate) and their spouses and company secretaries will receive representation during an investigation into their personal tax affairs as long as we act for the individuals concerned.

More information

As well as checking out information on our website you can also find out more details in our Service Summary and in our Frequently Asked Questions leaflet. Both of these documents can be downloaded below:

MFW Tax Investigation Service Summary
<http://bit.ly/MFWTISSS>

MFW Tax Investigation Service FAQs
<http://bit.ly/MFWTISFAQs>

For more information and details of pricing, or for any other tax advice please contact your local MFW office for more details mfw.co.uk/contact.

Perils of being an executor



Being appointed as an executor of a deceased estate is a very important role and while it may be considered an honour to carry out the wishes of a loved one, could it become a poisoned chalice?

Accepting the role is not without significant risk. It is time consuming, challenging and the role comes with a huge amount of legal responsibility. You will be required to fill in forms and prepare tax returns, together with potentially calculating Inheritance Tax and Capital Gains Tax together with claiming the relevant allowances. This can all add up to a weighty burden on your shoulders and unless you have also been named as a beneficiary, you may not even be paid for your time and effort.

When acting as executor you are personally liable which means that even if you have acted in good faith but mistakes have happened, you could end up facing some serious legal and financial liabilities!! You are responsible for the assets of the deceased, paying any debts and calculating and paying any tax and then ensuring the funds are distributed in accordance with the Will to the beneficiaries. Here are some examples of where this could go wrong for you:-

- Loss of value of an asset discovered too late
- Loss to the estate by not acting promptly
- Tax due after all monies have been distributed

In simple terms, you must ensure that you get everything right when dealing with an estate as any errors, however innocent, could lead to you using your own money to correct problems!

MFW Probate Service

If this all sounds daunting and you are now considering your role as executor, we can help. You no longer need to instruct a solicitor if the estate is non-contentious and as fully qualified and insured probate specialists we can manage the estate on your behalf. This will take away the responsibility from you and you can rest assured the estate will be in safe hands.

We are also happy to act on a fixed fee basis and will quote the fee before we commence work, so you will not need to worry about losing a percentage of the estate or hourly rates, you will know exactly what the estate will be paying.

Instructing a probate practitioner will not only give you peace of mind but will give you back the much needed time to grieve for the loss of your loved one.



For more information about our probate services please contact myself or fellow **Probate Practitioners Amanda Ireland or Leigh Jones** on **01795 479111**.



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Spotlight On: Mark Greenwood, FCA – Partner MFW, Ashford



Mark, his wife Katrina and children Daniel and Lucy.

Mark, your career has involved working in both a practice environment and client side based roles. What have you learned from both experiences and how has this helped you in your day-to-day activities?

Being 'both sides of the fence' has allowed me to gain real insight into the processes and practical experiences that many of my clients need to deal with. The need for good up-to-date financial information, as well as the more mundane day-to-day interactions with suppliers, customers and the bank, has really given me a feel for how clients may prioritise. I also gained insider knowledge on what it feels like to be 'approached' by professionals in the accountancy sphere. When I worked in industry, accountants often approached me for my business. Some of which I found to be rather aloof and patronising. I hope that I have managed to approach my clients in a more 'user friendly' way.

Describe yourself in three words

Hardworking, punctual and tidy. I absolutely hate being late - I'll often make sure I'm 1/2 hour early rather than be 5 minutes late.

What has been the most important life lesson you have had and what did you learn from it?

Since both my children have autism, I have learned the need to think before I speak and the need to be patient. I have also come to understand that 'parenting' can take many forms. Being a parent has been a steep learning curve and continues to be so!

What quirks do you have?

Anyone that knows me, or has worked for me, will probably be aware that I do like files and desks to be tidy. I have previously had to re-hole punch an entire file to make sure that the pages line up. I also have an aversion to unnecessary hugs.

What is the best piece of advice you have ever received?

The best piece of advice I have been given is to pick my battles and not to try to change everything at once. I had a tendency, in the past, to be impatient to change things but, as I have got older, I have realised the wisdom of the saying, "Rome wasn't built in a day!"

What is the biggest misconception about you?

That I don't like Christmas! For some reason I must give the vibe that I dislike Christmas but it is, in fact, my favourite time of the year.

Tell us something about you that would surprise most people

I have known my wife since we were five and we were once Mary and Joseph in our school's nativity play.

How would you like to be remembered?

As someone who was approachable, personable and, someone who always tried their best.

MFW Christmas Quiz



Don't forget to enter
into our Christmas quiz for
the chance to win a
£100 Marks & Spencer
voucher

Simply find the words from the list below in the grid. One word, however, does not appear in the grid. Just let us know what the missing word is by completing your details below.

S	N	O	W	I	P
C	A	R	O	L	R
G	O	N	G	G	E
G	G	O	T	C	S
E	T	E	R	A	E
Y	U	L	E	Y	N
K	C	K	E	P	T
H	G	I	E	L	S

SANTA NOEL YULE PRESENTS CAROL
SNOW TREE EGGNOG TINSEL SLEIGH

How to enter:

You can send in your entries by post, email or fax using the following details:

Karen Gray
McCabe Ford Williams, Bank Chambers,
1 Central Avenue, Sittingbourne ME10 4AE

FAX: 01795 428810 (Please mark for the attention of Karen)

karen.gray@mfw.co.uk

Or, simply pop your completed entry into your local MFW office.

Name

Email

Telephone (best one to reach you, if you are our winner)

Your MFW Office

Missing word is

The closing date is **Wednesday 18th December**. Good luck!

Please note that entries received after this date will not be included in our prize draw.

By entering our competition you are agreeing for us to use your contact details for the purpose of getting in touch with you, in the event you are our lucky winner. Your details will only be used for the purpose of this competition and your personal data will be deleted immediately after the draw. The winner will be randomly selected from all the correct entries and notified shortly thereafter, with the prize dispatched prior to Christmas. Please note that this competition is not open to partners, staff and friends or family of McCabe Ford Williams.



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