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Welcome to the latest issue of our Business Matters newsletter.

In this issue we review some of the changes in the Employment Bill which is currently making its way through parliament. Please turn to page 01 to find out how this could affect you. We also feature an update on the new year payroll rates which all employers will also need to know.

Whilst just over a year away, we also take a look at the rises in Corporation Tax (CT) that will come into effect from April 2023, so that you know what to expect and can start planning for it, should it affect you.

We also meet award-winning writer and founder of The Novelry, Louise Dean, and find out how her and her team help to support other writers through the writing process, right from generating the initial idea to finding an agent and being published.

We hope you enjoy reading this issue and take this opportunity to wish you and your family a Happy Easter.



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Employment Matters

The Employment Bill

The Employment Bill is currently making its way through parliament. Introduced in the Queen's speech in October 2019 the Bill has been significantly delayed due to the impact of the coronavirus pandemic and therefore many employers might be unaware of the proposals it contains.

The Employment Bill's remit is to "Make provision about the rights of workers, including to negotiate pay and join trade unions and employee associations; to amend the definition of worker; to make provision about the employment rights of members of the armed forces; to make provision about employee representatives on company boards; and for connected purposes".

Whilst the Bill has yet to be enacted, it does make sense to raise awareness of some of the key proposals and what changes might lie ahead for employers. These include:



Changes to flexible working

The Employment Bill contains proposals to allow workers a right to request flexible working from day one of their employment and for the right to make more than one application for flexible working per year. However, employers would still have the right to deny flexible working requests on the basis of one or more of the statutory reasons. As this is an extensive list it is unlikely therefore that these changes will have a critical impact.

A right to more predictable and stable contracts

Employees on zero-hour contracts may, under the Bill, be given the right to request more predictable and stable contracts after a qualifying period of 26 weeks.

Statutory Sick Pay and Covid-19

The need for employers to pay Statutory Sick Pay (SSP) from day one of an employee's sick period, where the employee is absent due to Covid, is expected to continue.

Rights for carers and working parents

Under the Employment Bill, unpaid carers and working parents may be granted an additional week's unpaid leave. Parents of babies requiring neonatal care will also be given statutory neonatal leave and pay for up to 12 weeks. It is believed that the right to neonatal leave will apply from day one of employment but that there will be a qualifying period of 26 weeks to receive neonatal pay.

Enhanced redundancy protection for new mothers

To overcome discrimination, proposals in the Employment Bill would extend a woman on maternity's enhanced redundancy rights, to be offered alternative suitable employment, by a further six-month period from her return to work.



Tipping practices

New legislation is proposed to ensure that workers in the hospitality sector receive their tips without any deductions by employers. Workers will gain the right to make a claim to an employment tribunal for unpaid or wrongly paid tips and will be able to request information from their employer on their tipping records.

Other proposals

Other proposals outlined in the Employment Bill include proposals to tackle:

- Harassment
- Post-termination and non-compete clauses, and;
- Confidentiality and non-disclosure agreements

Other changes

It is anticipated that the Information Commissioner's Office (ICO) will be publishing a revised Employment Practice Code, the first change in legislation since the introduction of the GDPR and Data Protection Act 2018. Meanwhile, the government is also expected to introduce changes to the current Data Protection legislation to help ease the burden on businesses.

We will, of course, keep you updated of any key changes once the Employment Bill is enacted and keep you posted of any other key employment legislation matters as they happen.



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Payroll

New Tax Rates and Information for April 2022



National Minimum Wage/Living Wage Rates

Age bracket	2022-23 rate	2021-22 rate
National Living Wage (23 years+)	£9.50	£8.91
21-22 years	£9.18	£8.36
18-20 years	£6.83	£6.56
16-17 years	£4.81	£4.62
Apprentice rate	£4.81	£4.30

Personal Allowance and Tax Bands

(For England and Wales)

Tax Band	2022-23	2021-22
Personal Allowance (0%)	Up to £12,570	Up to £12,570
Basic Rate (20%)	£12,571 - £50,270	£12,571 - £50,270
Higher Rate (40%)	£50,271 - £150,000	£50,271 - £150,000
Additional Rate (45%)	Over £150,000	Over £150,000

Please also note that income of over £100,000 will see a decrease in the personal allowance of £1 for every £2 that the income exceeds that threshold and once taxable income exceeding £125,140 the personal allowance is removed.

National Insurance Contributions - 1.25% increases from April 2022

National Insurance will increase by 1.25% this year in order to help pay for social care.

Employers will also be subject to an additional 1.25% rise in respect of employees earning in excess of £9,100.

Those above State Pension age are not impacted by the April 2022 changes.

Classs 1 Bands	2022-23	2021-22
Weekly Lower Earnings Limit (LEL)	£123	£120
Weekly Primary Threshold (PT)	£190	£184
Weekly Secondary Threshold (ST)	£175	£170
Upper Earnings Limit (UEL)	£967	£967
Upper Secondary Threshold (UST) for under 21s	£967	£967
Apprentice Upper Secondary Threshold (AUST) for under 25s	£967	£967
Veterans' Upper Secondary Threshold (VUST)	£967	£967
Freeport Upper Secondary Threshold (FUST)	£481	N/A
Employment Allowance (per employer unless you are a connected company and only if you qualify)	£5,000 per year	£4,000 per year

From April 2023, NI will revert to 12% for employees but there will be a separate element detailed on payslips for an additional 1.25% Social Care levy.

STOP PRESS - NI threshold rise

In the recent Spring Statement, Chancellor Rishi Sunak raised the personal threshold for which an individual starts to pay NI by about £3,000 to £12,570 and in line with Income Tax, to help people and families on lower incomes. This change, whilst **effective from April 2022, will not be implemented until July 2022.**

Dividend Tax Rates

The government also announced a 1.25% increase in dividend tax rates from April 2022 increasing rates to:

Basic rate tax payers	8.75%
Higher rate tax payers	33.75%
Additional rate tax payers	39.35%

The £2,000 dividend allowance will remain.

Statutory Maternity, Paternity, Adoption, Shared Parental Pay, Bereavement Leave and Sick Pay

	2022-23	2021-22
Statutory Maternity Pay		
SMP – first 6 weeks	90% of AWE	90% of AWE
SMP – remaining weeks	£155.66 or 90% of AWE (whichever is lower)	£151.97 or 90% of AWE (whichever is lower)
Statutory Paternity Pay		
SPP – either one or two weeks	£155.66 or 90% of AWE (whichever is lower)	£151.97 or 90% of AWE (whichever is lower)
Statutory Adoption Pay		
SAP – first 6 weeks	90% of AWE	90% of AWE
SAP – remaining weeks	£155.66 or 90% of AWE (whichever is lower)	£151.97 or 90% of AWE (whichever is lower)
Statutory Shared Parental Pay		
SHPP – weekly rate	£155.66 or 90% of AWE (whichever is lower)	£151.97 or 90% of AWE (whichever is lower)
Parental Bereavement Leave		
SPBP - weekly rate for 2 weeks	£151.66 or 90% of AWE (whichever is lower)	£151.97 or 90% of AWE (whichever is lower)
Statutory Sick Pay		
SSP – weekly rate	£99.35	£96.35

AWE = Average weekly earnings

Pension Contributions

Minimum contributions are not increasing for Automatic Enrolment and Re-enrolment pensions. The trigger point for Re-enrolment will also remain at £10,000 per annum.

	From 06-04-22	From 06-04-21
Employers minimum contributions	3%	3%
Total contributions	8%	8%

Student Loan and Postgraduate Loan recovery

	2022-23	2021-22
Student Loans		
Plan 1 threshold – weekly	£388.36	£382.59
Recovery rate	9%	9%
Plan 2 threshold – weekly	£524.90	£524.90
Recovery rate	9%	9%
Postgraduate Loans (PGL)		
Earnings threshold	£403.84	£403.84
Recovery rate	6%	6%

For further information, please speak to a member of our payroll teams or your usual MFW contact.
mfw.co.uk/contact



Client Profile

Louise Dean and The Novelry



↑ Louise Dean

Award-winning writer Louise Dean's books have gained such accolades as the Society of Authors Betty Trask Prize and Le Prince Maurice Prize. She was a finalist for the Costa Coffee Award in 2020 and has previously been nominated for The Guardian's First Book Prize, the Booker Prize and longlisted for the Dublin International Literary Award. Her publications have also been named by The Guardian, The Observer and Publishers Weekly in their top books of the year lists.

Having been a writer for twenty years, it is fair to say that Louise knows exactly what it takes to become an author. She also understands, only too well, the lack of support within the industry and how isolating and lonely a writer's life can be, especially for aspiring writers seeking to be published.

To change this, Louise established her own online writing community in 2017 named The Novelry, offering support, training, and advice to fellow writers. The Novelry's logo, an orange octopus, actually sums up the ethos of the brand - a shared brain of experience and many tentacles writing, moving forward together rather than being the lonely little plankton of isolated writers.

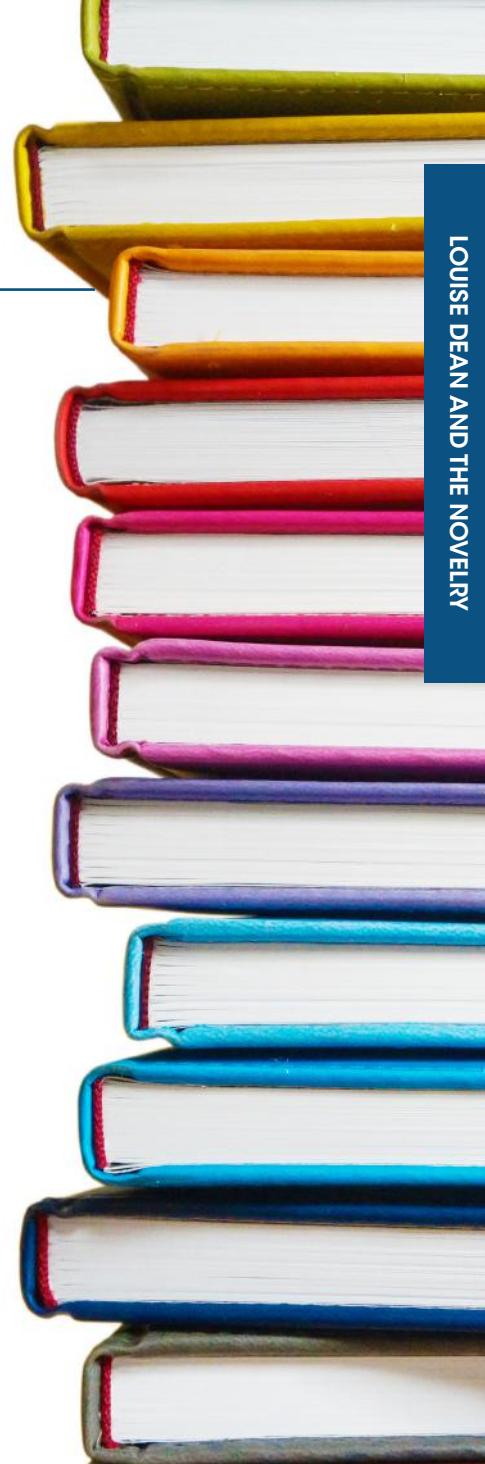
Today, The Novelry is a world-famous writing school which provides online courses and offers support to writers from the initial inspiration for their story line right the way through to finding an agent and getting published.

Just as important, The Novelry also provides writers with an online community where they can engage with other authors to find inspiration and support and simply enjoy the friendship of their peers helping to alleviate the monotony and isolation that is so often the life of a writer.

Having the right team behind you

Louise is supported in her business by a host of successful published authors, seasoned editors (hailing from some of the UK's top publishing houses) and a selection of top literary agents. To meet the team please visit The Novelry website <https://www.thenovelry.com/>.

It is this total support from start to finish which Louise refers to as 'the complete pathway to publishing' that sets The Novelry head and shoulders above their competition. Louise recognises the value and support of her team and says, *"Working with amazing colleagues which I have hand-selected is wonderful. They are an absolute joy to work with".*



Loving what you do

Nowadays, Louise spends more time running the business than she does writing novels, but she is more than happy to do so. She says, *"If you are going to take something you are passionate about and make a living out of it then you need to be very clear that you love the other side of it, the business side, the marketing part of it and, dealing with your customers. You need to be sure that you love that."*

Satisfied customers

The business has largely grown through word-of-mouth referrals. Louise says of her customers, *"Our customers are really loyal and everything we do they enjoy. Our site is full of wonderful testimonials, and it has been fantastic that people who come looking for a course see these reviews. Our customers are a pleasure to work with and many become good friends. We are a very close community, and we share a camaraderie and joy. We are always laughing and day-to-day we have a lot of fun. It is a real blessing for all involved. Ultimately though, it is all about working to get a finished manuscript and, hopefully, securing an agent to get published - that's the end game."*

Working with MFW

Louise and The Novelry are clients of Martin Humphreys, one of our Cranbrook office partners. Martin and his team provide regular assistance with bookkeeping queries, VAT returns and payroll, together with annual accounts and Corporation Tax returns. Martin and his team also operate as a soundboard for Louise, providing advice and support with business development as the company grows.

Louise says of Martin and his team,

"I have found the team so supportive and reassuring. They're very responsive, quite often ahead of me, and I have always felt confident they have our best interests at heart as a business. If you're running a company working with a team like those at MFW makes the whole process less stressful. I know I can turn to them for guidance and help at every turn."

To find out more about The Novelry please visit the website <https://www.thenovelry.com/>

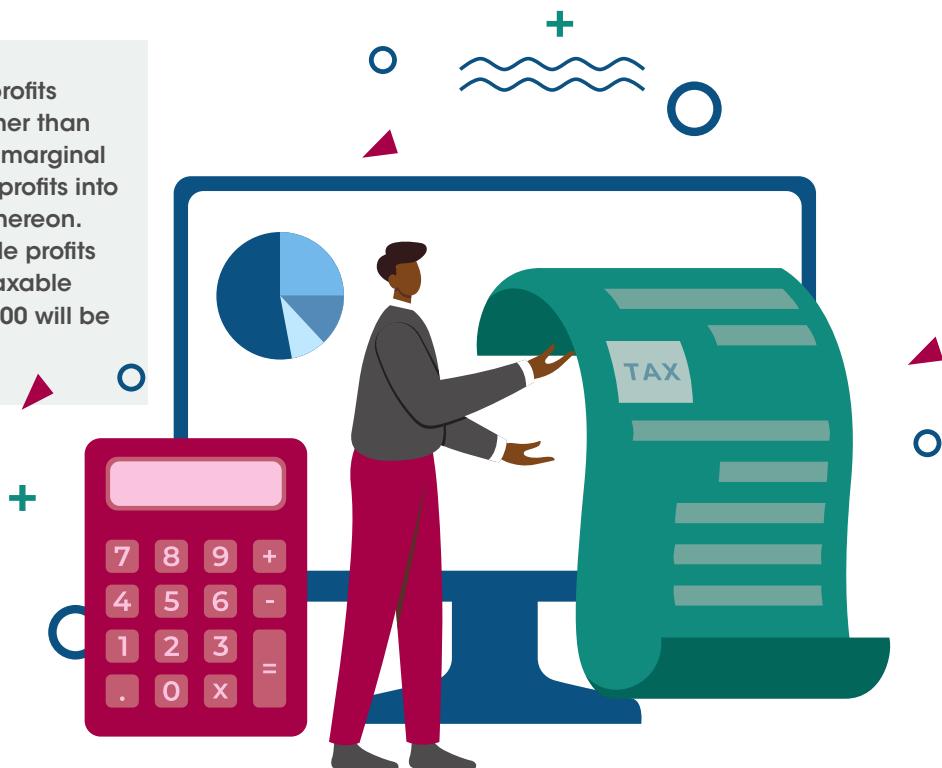
Tax Matters

Corporation Tax increase from 1 April 2023

With effect from 1 April 2023, the main rate of Corporation Tax (CT) will increase from 19% to 25%. The 19% rate will still continue under the "small profits rate" for companies with taxable profit of £50,000 or less. Companies with taxable profits between £50,000 and £250,000 will pay the main rate but this will be reduced by a marginal relief, which we will explain later in this article.

Given the unprecedented spending throughout the pandemic, it is hardly surprising that the government has looked to increase taxes. The government was keen to emphasise the point that we remain the lowest CT rate in the G7 – but, in reality, this is going to add little comfort to companies facing up to a 6% increase in CT rates, whilst they are potentially still recovering from the pandemic and are trying to manage other price increases. The only solace that can be taken is that the implementation of the new rates is still a year away!

For those companies with taxable profits between £50,000 and £250,000, rather than explain complex calculation of the marginal relief, it is easier to split the taxable profits into bands and explain the CT charge thereon. Basically, their first £50,000 of taxable profits will be taxed at 19% and then the taxable profits between £50,000 and £250,000 will be taxed at 26.5%.



So, what tax planning could be done to mitigate the increases above?

Disincorporation

This is an extreme measure, and not too much has really changed on this front. It is still more tax efficient for those businesses with profits of above approximately £30,000 to operate through a company. It is worthwhile mentioning that those businesses with profits of above approximately £140,000 it then becomes more tax efficient to operate through an unincorporated model – however other non-tax factors will come into play, and most will still prefer to operate through a limited company.

Salaries

Increasing your own salary is not going to be that beneficial with the increased national insurance costs. However, employing non-tax paying family members such as your children or partner could be an option. The salary also needs to be justifiable to HMRC, therefore they do need to be performing some sort of a role or function. As well as this, employment law needs to be taken into consideration.

Pension contributions

Employer pension contributions out of the company's profits are another option. The contributions have to be physically paid within the year, but it is an efficient way to reduce the company's profits. For those who are approaching an age where they can start to take their pension benefits, it is even more attractive. In setting the pension contribution, care needs to be taken not to exceed your annual pension allowance. That being said, you might be able to carry over any unused allowance from the previous three tax years.

Electric cars

Albeit not for everyone, if you are considering buying an electric car then it is likely worth doing so through your limited company. The cost of the car will receive 100% capital allowances, and the benefit on you will be fairly small. The running costs will then also be met by the company and will be an allowable expense for CT.

Capital expenditure and other spend

You might be tempted to delay some capital expenditure until after 1 April 2023 so as to attract relief at a higher CT rate. However, if the assets were to qualify for the super-deduction, then it is only marginally more attractive. That is because the super-deduction ends on 31 March 2023, and so the difference is minimal. It is likely, therefore, not to be worth delaying the expenditure as the tax savings will be delayed for a year. Expenditure on some non-capital costs might be worth delaying as the super-deduction isn't applicable and the savings are greater – albeit still pushed back a year.

Best advice

If you would like to discuss the increases in CT and possible planning to mitigate this, please do not hesitate to contact your usual mfw.co.uk/contact.



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Spotlight On: Probate

What is probate?

In simple terms, probate is the legal right to deal with someone's property, money and possessions, after they die. It involves 'proving' a will in a court of law, and once accepted as the valid last will and testament, it becomes a public document. If the deceased died intestate, which means they did not have a will, then probate cannot be obtained but letters of administration can be applied for instead, to enable the estate to be dealt with.

Do I need to apply for probate?

Whether or not probate or letters of administration are required depends on the size and composition of the estate. Generally, if the deceased's estate comprises only jointly owned assets such as bank accounts and/or property, then probate will not be required. However, if there are solely owned assets or assets held jointly as tenants in common then probate would usually be required. We are always happy to advise if probate is required in specific circumstances.

How do I apply for probate?

Application has to be made to the Probate Registry. They require an application form to be completed, payment of a fee and the original will (which will not be returned) together with evidence that the IHT has been dealt with. Probate therefore cannot be applied for until the relevant IHT forms are completed, lodged with HMRC and the tax paid or arrangements made for the tax to be deferred.

Can I deal with probate without instructing a professional probate practitioner?

There is no reason why a non-qualified person cannot deal with the IHT forms, probate application and administering the estate without the assistance of a professional if, they feel confident to do so, although many prefer the comfort of having a qualified person do this on their behalf.

If I am appointed executor does that mean I cannot appoint a probate practitioner?

Absolutely not. It is common for the executors or personal representatives to appoint a probate practitioner.

Is there any benefit in appointing a probate practitioner if I am executor?

Yes. Completing the correct IHT forms, applying for probate and administering an estate in accordance with the will can be extremely time consuming and, for some, quite confusing and stressful. Also, acting as executor does not come without risks as can be seen by Alison Collier's winter 2019 Newsletter article, which can be viewed here: <https://mfw.co.uk/app/uploads/2019/12/MFW-xmas-Newsletter-digital-AW.pdf>

Probate practitioners are highly qualified individuals who not only have the qualifications, expertise and experience to deal with non-contentious probate but, in the unlikely event they make a mistake, they have professional indemnity insurance to cover any losses to the estate.

What does it cost to appoint a probate practitioner?

This will depend on what the executor or personal representative requires the probate practitioner to do. Our hourly rate for probate work is £160 plus VAT an hour, but often clients prefer to agree a fixed fee for probate services. Fixed fees for completion of the IHT forms and probate application start at £1,195 plus VAT. For more complex matters, we are always happy to provide a no obligation quote, free of charge.



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Government Gateway Tax Fraud

HMRC has issued warnings to taxpayers not to share their personal information online to avoid stolen identity and tax fraud.

Criminals are targeting taxpayers' Government Gateway logins, together with other personal details such as bank account details, passport and driving licence numbers, address, date of birth, and National Insurance numbers so that they can register and pocket any repayment.

Individuals are currently being targeted through social media platforms by fraudsters seeking to 'borrow' their identities, promising in return a cut of the tax refund 'risk-free'. However, you should be aware that handing over sensitive personal information to criminals, even inadvertently, risks individuals involving themselves in tax fraud, and having to pay back the full value of the fraudulent claim.

HMRC's Head of Cybercrime, Simon Cubitt says, "People need to think extremely carefully before they involve themselves in an arrangement like this, because if something looks too good to be true, then it almost certainly is.

Those who get involved risk becoming the victim of blackmail, threats of violence and wider abuse of their personal information, as criminals seek to exploit them further.

I urge anyone who may be aware of these dishonest attempts to recruit individuals into criminality, to report it to us by searching 'Report Fraud HMRC' on GOV.UK and completing our online form".

The National Cyber Security Centre

For more information, The National Cyber Security Centre <https://www.ncsc.gov.uk/cyberaware/home> has produced a series of helpful guides on how to protect yourself and your business against cybercrime.

If you think you have shared your personal information online then please contact your bank immediately and report it to Action Fraud <https://www.actionfraud.police.uk/>



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