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Cloud accounting – it's a revolution

CLOUD ACCOUNTING is revolutionising the way we work – we can access our accounts 24-7 wherever we are, we can work while we're on the go, and we can even liaise with our accountants remotely - this is to list but a few of the benefits. Business agility is the name of the game.

We're encouraging our clients to embrace it, not just out of necessity as HM Revenue & Customs are moving towards digitalisation, but because there are so many good aspects.

HM Revenue & Customs

First things first – HMRC want businesses to submit tax related information such as revenue and expenses electronically every three months, rather than file annual taxes. To help businesses with their new approach, they're introducing it in stages and from April 2019, VAT registered businesses will have to keep digital records. But by 2020, we think it's likely that all businesses may be asked to keep digital records and to update HMRC quarterly for other taxes.

The downside is that many businesses aren't prepared and aren't yet using any kind of accounting software. With the deadline looming, we're encouraging all businesses to stay ahead of the game and to talk to us about anything they're not sure about.

It can save you time...

Technology has changed the scene

particularly over the last 11 or 12 years as more and more tasks, particularly repetitive ones, are being completed by machines.

A number of our clients are already using document recognition software as part of their approach to maintaining their financial records – it's helping them reduce the amount of data input that they need to do.

Bank feeds, whereby a transaction is matched directly from the bank account to a code within the accounting system, is also particularly helpful. A historic precedence is built up or a rule is created, and it can even extend to clearing and allocating payments received from clients. The software is clever – it analyses the amounts and then suggests the combination of invoices that it is likely to relate to.

Imagine you are trying to assess the viability of future work and projects. It might take hours, time which you simply don't have. These systems can help you to pull together the information you need, so you would only have to focus on the intellectual aspects as you assess a project's viability from a commercial point of view.

The cloud complements our working patterns

People want to be able to do things while they're on the move and expect information to be at their fingertips 24-7. The cloud facilitates this and management information,

and any supporting documentation can be at your fingertips whenever it's needed and wherever you happen to be because it's stored electronically.

And then there's the security angle

Most of us worry about security and cyber-crime and using a cloud based accounting package can help with the battle against it by detecting a breach more quickly and efficiently. Furthermore, storing data in the cloud can act as a good back up, although it's no substitute for security controls and systems or having a business continuity plan. ■

Here to help:

We're helping our clients to make the change to the cloud in whatever way we can. That could be an informal chat to help decide which cloud accounting package is best for you and your business, to getting it up and running, to helping with training. It's a bright future when all is said and done, the day to day accounts housekeeping is becoming more automated so we can focus more on working "on" the business as opposed to "in" it.



Tax changes to termination payments



– redundancies are becoming more expensive

A CHANGE in the way tax is calculated on termination payments came into effect from 6th April 2018. In short it means that employees will now have to pay National Insurance Contributions (NICs) on termination payments.

The decision to amend the legislation was taken by HM Revenue & Customs to stop employers manipulating the previous rules. They did this by structuring payments to employees in such a way that they would not be subject to either Income Tax or National Insurance.

So, what happens now?

From the employees' point of view ...

Historically, non-contractual payments in lieu of notice have been exempt from Income Tax and NICs payments. But the change to the legislation will now force employers to state the amount of basic pay that the employee would have received had they worked their notice period, even if they left the business part the way through it. This will be treated and taxed as earnings and will not fall under the £30,000 Income Tax exemption. So, effectively, all payments in lieu of notice known as PILONs will now be taxable and subject to Class 1 NICs.

Statutory redundancy payments will, however, remain exempt from Income Tax up to the £30,000 threshold.

From the employers' point of view ...

Employers will now have to split termination payments into two types; ie between those that fall under the £30,000 threshold and those that don't. Although the good news is that it's been delayed until 6 April 2019, from then on employers will have to pay employer

NICs on any part of a termination payment that exceeds £30,000.

HMRC has said that the new payments will be collected as part of the relevant business' payroll operation. But, some exemptions to termination payments, which were previously available, such as Foreign Services relief, have been abolished. 'Injured feeling' will also no longer apply to the general exemption for termination due to injury.

Who will be affected?

Overall the change to the legislation means that companies who had previously followed the rules as they were intended, will not experience any financial impact. It will only affect those who previously structured their termination payments so as to deliberately reduce the amount of tax and NICs they would have to pay.

If you find yourself having to terminate an employee's contract and are unsure about what tax you need to pay, please let us know. It's not always straight forward and we'd recommend speaking to a specialist adviser to ensure you follow the correct procedure and make the correct payments and deductions. ■

How can we help?

Terminating an employee contract can be tricky at the best of times and these new rules mean that companies need to be even more aware of their responsibilities to HMRC. Always contact a professional adviser, like the tax specialists at Wise & Co, to ensure that you are following the correct procedure and making the expected payments – and deductions.

Adequate business insurance – it may save the day

Some advice from Wise Financial Solutions' Toby Carmichael-Jack

WHEN YOU THINK of business related insurance, the usual ones probably spring to mind – employers' liability insurance, insurances covering your premises, IT equipment, stock, the list goes on. But, of equal importance are those covering the health or lives of the key individuals who keep a business running. Quite often these are the ones which small and medium size businesses overlook and should something happen to a key person, they can be the very ones which save the day.

As a business owner or as part of the senior management team, the questions to ask yourself are these.

If a key director or shareholder were to suddenly pass away, would the business be in a financial position to buy back the deceased's shares or assets from their estate, or would it be able to repay any loans that the deceased may have underwritten?

If a key director or shareholder became critically ill or was involved in an accident, would there be sufficient funds available to pay a temporary replacement so the business is still able to function while that person recovers?

Should you answer no to any of these questions, then we suggest you think about insurance and taking some advice as part of your business continuity planning process.

One further thought; consider putting income protection and life insurance in place too for key directors and key members of staff. As well as being helpful to the individuals concerned, as it's an allowable business expense for tax purposes, it's cheaper to take out a business policy rather than the team taking out their own personal policies. ■

If you would like to find out more about business protection, we'd love to hear from you – Wise Financial Solutions: 01252 413231 or info@wisefinancialsolutions.co.uk

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Looking beyond GDPR

AS A BUSINESS you'll have gone through the process of preparing for the General Data Protection Regulation (GDPR), coming into force on 25th May 2018. But are you also ready for the new ePrivacy regulation (ePR), which is being introduced to complement it? Here's what you need to know.

If you deal with data you should already be aware that the GDPR supersedes the Data Protection Act and creates a single standard for how data is stored, collected and transferred and the way in which issues like privacy and individual consent are managed. GDPR provides new guidance on the use of personal data for business activities like billing (name, address etc) – and introduces stricter rules for 'sensitive personal data', including things like family details, medical history, sexual orientation and political opinions.

Meanwhile, the PECR (**Privacy and Electronic Communication Regulation**) currently sets out the rules on electronic communications, including nuisance calls

and messages, cookies and the provision of internet or telecoms services. PECR is being replaced by the e-Privacy Regulation (ePR).

Both regulations impose rules that all organisations that provide services to EU citizens must follow. And you'll still need to be compliant, regardless of Brexit.

How does it affect your business?

The ePR is still being finalised but it's tightening the rules on marketing to individuals by phone, text, fax or email, and reflects the GDPR approach to gaining their valid consent. This area is still not 100% clear but what is certain is that recipients must be given the option to opt-out easily. It also focuses on:

- **Using track technologies like Cookies, to address issues around ad-blocking and Wi-Fi location tracking.**
- **Customer privacy in relation to traffic and location data, itemised billing, line identification, and directory listings.**

ePR will apply to all channels delivering

communications over the internet, such as WhatsApp, Gmail, Skype, and Facebook Messenger etc.

Keeping communications secure

The GDPR requires all personal data to be protected against unauthorised or unlawful processing, accidental loss, destruction or damage. The ePR will state that businesses notify customers of specific security risks.

Under both GDPR and ePR, individuals will have a right to compensation if affected by a breach of their personal data. The **maximum** penalties will either be 4% of your annual worldwide turnover or up to £17 million (€20 million), whichever is greater.

There are several benefits to 'getting your house in order' for these regulations, apart from the need to avoid fines! You'll have more efficient data and your partners, suppliers and customers will appreciate it as well. Ultimately your business reputation depends on it.

As the ICO states: "25th May is not the end. It is the beginning." So be ready! ■

Updates will be on the website of the Information Commissioners Office (ICO) <http://www.ico.org.uk> For further help, talk to us.

It pays to be 'green'

EVERYDAY we're waking up to our environmental impact on our world, be it new initiatives to cut back on plastics or campaigns for projects like renewable energy.

But while we know it's necessary and many of us are keen to be 'green', you'll be pleased to know that there are some genuine business advantages too. These include greater efficiency, cost savings, and improving your reputation by having 'green' credentials.

Tax benefits

There are several tax initiatives for SMEs who are environmentally friendly. You may get reliefs or be exempt from some government taxes if:

- **You use a lot of energy because of the nature of your business;**
- **You're a small business that doesn't use much energy;**
- **You buy energy-efficient technology for your business.**

The ECA (Enhanced Capital Allowance) scheme helps businesses offset the costs of

energy-saving technology equipment. You can claim for spending on:

1. **Energy-saving plant and machinery.**
2. **Low carbon dioxide emission cars and zero-emission goods vehicles.**
3. **Natural gas and hydrogen refuelling infrastructure.**
4. **Water conservation plant and machinery.**

This first-year capital allowance lets businesses deduct the full cost of qualifying assets from profits before tax in a single tax year. You can claim this as well as the Annual Investment Allowance. The ECA is claimed through a business's income or corporation tax return.

Other tax incentives available include: less fuel duty on alternative fuels, tax and NIC breaks for 'green' travel arrangements, and reduced vehicle tax on vehicles with lower emissions. There are also opportunities to reduce certain insurance premiums.

Further financial help is offered from various organisations to buy new energy-efficient equipment, such as lighting, boilers

and insulation. For example, the Carbon Trust Green Business Fund provides up to £5,000 capital contribution per company.

These are just some ideas but if you don't know where to start in your business, ensure you have a recycling scheme, switch to green packaging, consider installing solar panels and buy 'green' vehicles.

You'll get the 'thumbs up' from the government (with cost-savings as described) and your business will enhance its reputation. Increasingly, consumers are getting behind companies that show they're trying to help the environment and are even prepared to pay more. So it can make good financial sense.

Take a look at the websites of The Energy Saving Trust, WRAP and Carbon Trust, which all offer assistance to businesses, as well as local councils. ■

Why not have a chat with us to see which schemes might help your business be 'green'?



New joiners

■ We made an exciting start to 2018 with plenty of new faces! **Susie Randall** joined us in January as our new Finance Officer.

Chloe Matthews also joined in January as our new Marketing Coordinator and was

shortly followed by **Jane Gregory** in April as Head of Business Services, who together will head up the Sales and Marketing side of the business. Our new trainee accountant **Adam Cauldwell** joined us in March. We then had several other starters in April: **Kathryn Knight** and **Anna Wilkinson** joined our Tax Team, and **Kelly Bell** joined our Payroll team.



Pictured left to right are: Anna, Jane, Kathryn, Adam, Chloe and Kelly

Staff promotions

■ We celebrated several staff promotions at the end of 2017 – **Lorna Stark** has become Senior Tax Manager, **Mark Criddle** has become an Audit and Accounts Manager, and **Kelly Mowatt** has been promoted to Assistant Tax Manager – our congratulations to all.

Then extra special congratulations go to **Joanne Colwell** (pictured) who has been made a Partner of the Firm, in recognition and reward for consistently outstanding work since her arrival here in 2002. Jo comments: *"I am delighted to have been made a Partner at Wise & Co and am looking forward to the new challenges and responsibilities it brings, both in terms of continuing to provide our clients with expert advice, but also guiding and supporting our talented team of junior accountants. I've felt very lucky to have Sharmini's guiding hand, she's mentored me extremely well, something I hope to replicate in my new role."*



Newly Qualified

■ We're proud to announce that along with plenty of exam successes over the winter months for both our ACA and ACCA trainees, **Emma Rhodes** (pictured) has completed her qualifications and is now ACA qualified!



Sponsorship of Junior Girls Cricket at Rowledge Cricket Club

WISE & CO are very pleased to continue their support of the Junior Girls Cricket teams at Rowledge Cricket Club near Farnham for the 2018 season. The girls' teams have grown from strength to strength since we began our sponsorship last year, with this season seeing the club move from three to four girls' teams, and a potential fifth needed in the near future, as well as a new coach! Haidee

Goodwin, Junior Girls Coach, comments, *"It really is quite remarkable what we have achieved in the last 18 months, and we really hope that other clubs are encouraged by our success"*. Wise & Co hopes to get more involved this year, with the introduction of 'most improved player' and 'best player of the month' awards, to reward the girls for all their hard work and dedication. ■



Events & Sponsorship

Disneyland Paris Magic Run

WISE & CO's **Liz Sandford** is set to run at Disneyland Paris in full fancy dress to raise money for Brass for Africa, who give vulnerable children the opportunity to learn and play music. She has started training for the 36K challenge this September, which comprises three races – a 5K, 10K and half marathon – in the space of just 3 days! Liz is a tenor horn player herself and plays with the Alder Valley Brass Band. Wise & Co will be cheering her on all the way! ■

The Big Brutal Swim

WISE & CO's **Freya-Anne Robertson** (pictured) takes on The Big Brutal Swim on 12th August in Llanberis, at the glacially formed Llyn Padarn which is known for being the sixth deepest lake in Wales. Freya-Anne will be attempting to complete her 10K swim in 2.5-3 hours – which is the swimmers equivalent of a marathon – a particularly impressive goal as she's never completed an event like this before! She hopes to raise £1000 for Woodlarks Campsite, a Farnham based 12-acre campsite for the disabled. We wish her the best of luck! ■



Farnham Carnival

WISE & CO are delighted to sponsor the Farnham Carnival for the 13th consecutive year! The Carnival has been a feature of the town's summer scene for several decades, serving real enjoyment for our community, as well raising valuable money for local charitable causes – this year looks set to be a good one with the theme 'Rock and Pop Legends', held on Saturday 30th June. We look forward to presenting the award for most innovation and creativity to one of the attending schools, as we have formerly. ■

What topics would interest you for future newsletters? Send your ideas to marketing@wiseandco.co.uk

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This newsletter has been written for the general interest of our clients and contacts. We believe that the facts are correct as at 16 October 2017 but there may be some unintentional errors or omissions. It is therefore essential to take advice on specific issues. We cannot be held responsible for the consequences of any action taken upon the information contained herein without our express consent.