



Perception Accounting
Accountants with Vision

Perception Accounting

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Income tax: How will thresholds change and what will I pay?

On 6 April the point at which the highest earners start paying the top rate of tax came down, but other thresholds were left unchanged.

What is happening to income tax thresholds?

Income tax personal allowance has been frozen at £12,570 until April 2028. Basic rate tax payers do not have to pay any tax on income below this level.

Also frozen is the point (threshold) at which people start paying higher tax rates.

It means that as wages rise, people will pay tax on a larger proportion of their earnings, and more people will move into higher tax brackets.

What income do you pay tax on?

You pay income tax to the government on earnings from employment and profits from self-employment during the tax year, which runs from 6 April to 5 April the following year.

Income tax is also due on some benefits and pensions, the money you get from renting out property, and returns from savings and investments above certain limits.

These rules apply in England, Wales and Northern Ireland. Scotland has different tax rules to the rest of the UK.

Income tax levels in England, Wales and Northern Ireland*

Band	Earnings	Rate
Personal allowance	First £12,570**	0
Basic rate	£12,571 to £50,270	20%
Higher rate	£50,271 to £125,140	40%
Additional rate	Over £125,140	45%

*Scotland sets its own bands and rates

**Reduced by £1 for every £2 earned between £100,000 and £125,140



What is the basic rate of income tax?

You pay the basic rate of income tax on earnings between £12,571 and £50,270 a year.

The basic rate is 20%, so a fifth of the money you earn between those amounts goes to the government in income tax.

What is the higher rate of income tax?

The higher rate of income tax is 40%, and is paid on earnings between £50,271 and £125,140.

Once you earn over £100,000 a year, you start losing your tax-free personal allowance, which means you have to pay income tax at 40% on some of the first £12,570 of your earnings.

You lose £1 of your personal allowance for every £2 that your income goes above £100,000. If you earn more than £125,140 a year, you no longer get any personal allowance.

What is the additional rate of income tax?

The additional rate of income tax is 45%, and is paid on earnings above £125,140 a year. Before April that threshold was £150,000.

The government says about 629,000 people pay the additional rate of income tax.



What is National Insurance?

For employees, National Insurance (NI) is in many ways similar to income tax: a fixed percentage of the money you earn is deducted from your wages.

It is the second biggest source of money for the government.



It works on some of the same thresholds as income tax.

You do not pay it on the first £12,571 you earn a year. It is then charged at 12% on earnings up to £50,271, and 2% on any money made above that.

The the main National Insurance thresholds will also remain frozen until April 2028.

It is not paid by people over the state pension age even if they are still working.

Employers also have to pay National Insurance.

How is tax different in Scotland?

Some income tax rates are different in Scotland because of powers devolved to the Scottish Parliament.

These are the income tax rates from April 2023:

- Tax-free personal allowance: £12,570 (reduced by £1 for every £2 earned above £100,000)
- Starter rate of 19%: £12,571 to £14,732
- Scottish basic rate of 20%: £14,733 to £25,688
- Intermediate rate of 21%: £25,689 to £43,662
- Higher rate of 42%: £43,663 to £125,140
- Top rate of 47%: above £125,140



NATIONAL INSURANCE GAPS AND STATE PENSION

You'll be able to claim the new State Pension if you're:

- a man born on or after 6 April 1951
- a woman born on or after 6 April 1953

The earliest you can get the new State Pension is when you reach State Pension age.

If you reached State Pension age before 6 April 2016, these rules do not apply. Instead, you'll get the basic State Pension.

If you have missed NI Contributions you need to check on the government website to find out if you qualify for the full state pension.

Your National Insurance record

You'll usually need at least 10 qualifying years on your National Insurance record to get any State Pension. They do not have to be 10 qualifying years in a row.

This means for 10 years at least one or more of the following applied to you:

- you were working and paid National Insurance contributions
- you were getting National Insurance credits for example if you were unemployed, ill or a parent or carer
- you were paying voluntary National Insurance contributions

If you've lived or worked abroad you might still be able to get some new State Pension.

You might also qualify if you've paid married women's or widow's reduced rate contributions.

The number of qualifying years on your National Insurance record affects how much State Pension you get. Check your State Pension forecast to see what you might get.

to do this you will need to login/create a Government Gateway account. The link is www.gov.uk/log-in-register-hmrc-online-services



Claiming Tax Relief on Employment Expenses.

A lot of people find themselves having to buy something for work at one time or another. This can be annoying, as it's unlikely to be something that you would usually spend your money on. Thankfully, you could be eligible to claim tax relief on the expense.

What is Tax Relief on Work Expenses?

If you are an employee and you spend your own money on things related to your job – such as uniform, tools and mileage – you might be able to get tax relief. This is a tax refund for certain expenses incurred in the course of work, that you wouldn't otherwise have had to pay for. It works by taking the amount of your expenses away from your total employment income, leaving you with a reduced taxable income. You are then taxed on your remaining income, minus the expenses, which could be a lot lower depending on how many work expenses you have. This lowers the amount of tax that you will have to pay, creating tax relief and saving you money.

What Kinds of Things Can I Claim Tax Relief For?

There is a lot of confusion about the kinds of things that you can claim tax relief for, and it's important to be familiar with the rules. This will ensure that you are claiming as much tax relief as you are entitled to, without claiming for things that aren't allowed. It's important to remember that you can only claim for things to do with your work, and anything you buy that's also used privately will not be allowed. Unless you can determine how much of the purchase is for work purposes and how much is for private use, you can't claim tax relief.

There are a range of things that you can claim tax relief on including tools, supplies, fuel, professional subscriptions, business telephone calls, repairing or replacing uniforms, specialist clothing and costs associated with working from home. This is by no means a full list, and the things that you can claim tax relief for will vary depending on your industry and role.

How Do I Claim Tax Relief?

You claim tax relief via HMRC, which can be done online as part of your Government Gateway account. You will need to provide your employment details and information of what you want to claim tax relief for, and HMRC will determine how much tax relief this equates to.





Is Email Marketing Still Important in 2023?

There is no denying that email marketing has long been a part of digital marketing, but is it still as important as it once was? There are a lot of changes happening in the world of digital marketing, and many businesses are wondering if email marketing is still worthwhile in 2023.

What is Email Marketing?

Email marketing involves sending customers a professionally designed email, as a way to market a product or service. It can also be used to share a discount, to advertise a sale or to remind them of your business as a whole. As email marketing largely uses existing customers' contact details, or the details of those who have previously shown an interest in your business, there is a high chance that those contacted will be interested in what you have to say. From a marketing email, you can direct customers to your website, in the hope of converting them into a sale.

What is the Current State of Email Marketing?

There are a lot of reasons to include email marketing as part of your digital marketing strategy, but there are also some downsides. As spam filters are continually getting better, it's becoming increasingly most difficult to ensure that your marketing emails reach inboxes.

Though email marketing is unlikely to be enough on its own, it's a worthwhile addition to your other digital marketing efforts.

NEWS

Bites

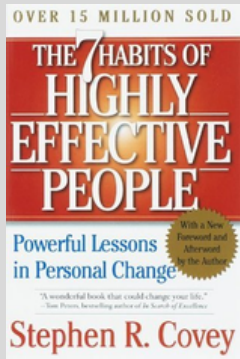
BITE SIZED BUSINESS FACTS

1. Ben & Jerry's is owned by Unilever.
2. "Yahoo" is an acronym for "Yet Another Hierarchical Official Oracle."
3. Starbucks' round tables were created specifically so customers would feel less alone.



5. Apple's iPad retina display is actually manufactured by Samsung.
6. Dasani water is just purified tap water; it doesn't come from a natural spring.
7. One in 10 Europeans are conceived in an Ikea bed.
8. Marvel Comics once owned the rights to the word "zombie."
9. The red and white Coca-Cola logo is recognized by 94% of the world's population.
10. Adding /4 to the end of Facebook's URL will take you to Mark Zuckerberg's profile.

4 OF THE BEST BUSINESS BOOKS OF ALL TIME

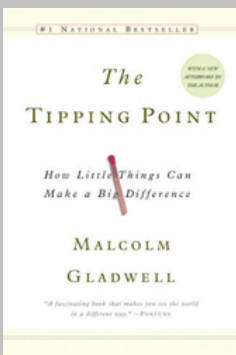
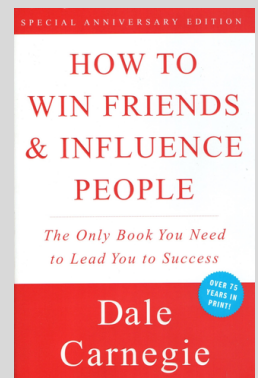


1. The 7 Habits of Highly Effective People: Powerful Lessons in Personal Change

When Stephen Covey first released *The Seven Habits of Highly Effective People*, the book became an instant rage because people suddenly got up and took notice that their lives were headed off in the wrong direction; and more than that, they realized that there were so many simple things they could do in order to navigate their life correctly. This book was wonderful education for people, education in how to live life effectively and get closer to the ideal of being a 'success' in life.

2. How to Win Friends and Influence People

Since its release in 1936, *How to Win Friends and Influence People* has sold more than 30 million copies. Dale Carnegie's first book is a timeless bestseller, packed with rock-solid advice that has carried thousands of now famous people up the ladder of success in their business and personal lives.

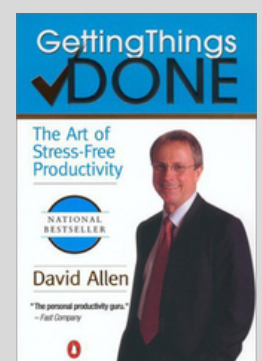


3. The Tipping Point: How Little Things Can Make a Big Difference

The tipping point is that magic moment when an idea, trend, or social behavior crosses a threshold, tips, and spreads like wildfire. Just as a single sick person can start an epidemic of the flu, so too can a small but precisely targeted push cause a fashion trend, the popularity of a new product, or a drop in the crime rate. This widely acclaimed bestseller, in which Malcolm Gladwell explores and brilliantly illuminates the tipping point phenomenon, is already changing the way people throughout the world think about selling products and disseminating ideas.

4. Getting Things Done: The Art of Stress-Free Productivity

This is a management book by Jim C. Collins, describing how companies transition from being good companies to great companies, and how most companies fail to make the transition.



Lisa's Strawberry Pavlova



Ingredients

- 4 Egg whites
- 8oz Caster sugar
- Teaspoon vinegar
- Teaspoon vanilla essence
- 1 Pallet of Strawberries
- 1 Large carton whipped cream

1. Line two cake tins with baking paper (or normal brown paper but wet)
2. Pre-heat the oven to 130 Degrees
3. Beat the egg whites until stiff
4. Slowly add the caster sugar whilst beating continually.
5. Add the vinegar and vanilla essence
6. Split the mixture between the two tins
7. Bake in the oven for 50 minutes
8. Leave to meringues to cool
9. Beat the double cream until thick
10. Wash and cut the strawberries into chunks
11. Combine the cream and strawberries
12. Pile the cream mixture onto one of the meringues and then put the second meringue on top.

Enjoy

Company News



Huge Congratulations to Tia who has passed out as full lifeboat crew, following months of assessments and hard work

We have two students from 2 different local schools joining us for work experience in April & May

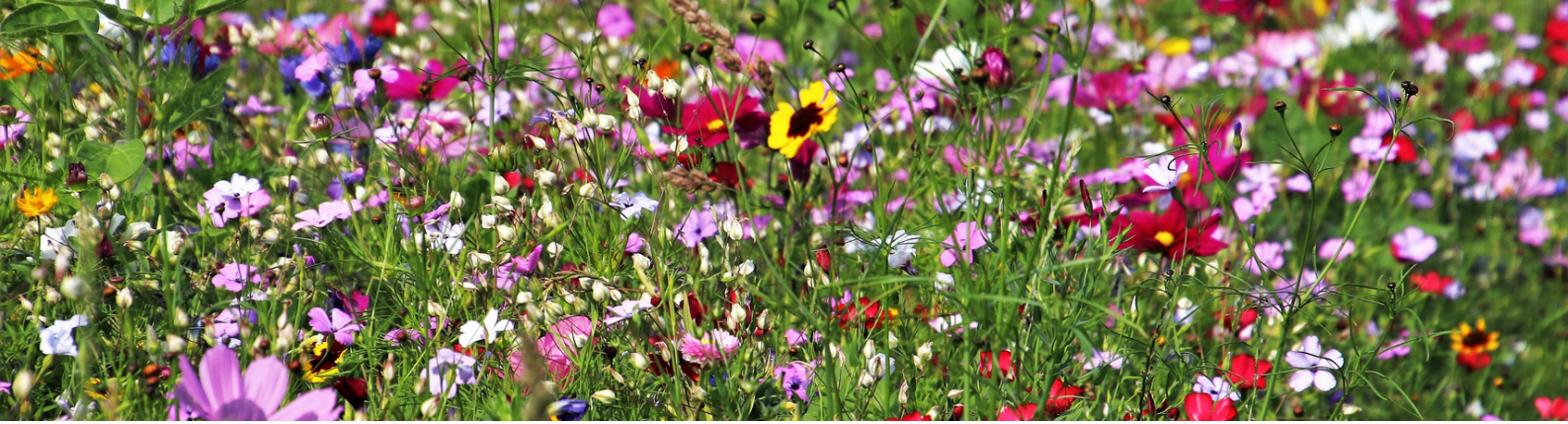


WELCOME BACK!

We are looking forward to welcoming back Louis who has been off for several weeks for an operation.

We will soon be holding interviews for our new apprenticeship role of Business Administrator.





Final thoughts from the MD

I hope everyone had a lovely Easter break and enjoyed a bit of rest and relaxation. Some clients (my favourite) spent their time getting their tax return information ready and over to us!

I can't believe that we are in the new tax year already and back on the tax return trail.

The last couple of months have been particularly challenging for me personally, with the loss of a close friend and a motorbike accident seriously injuring a family member. With that in mind I am sending out lots of love to anyone going through difficult times.

We have also been a man down in the office with Louis having been ill for a few weeks. Thankfully he is now on the mend and will hopefully be back soon.

I hope it has not been too noticeable in your dealings with us and all I can say is that it can only get better from here!

Wishing you all a prosperous Spring and let's see what the next couple of months hold.

Lisa Brown



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