

# Perception Accounting

December 2022 - Issue 7

CHRISTMAS EDITION

## AUTUMN BUDGET

All you need to know



## INCOME TAX RATES & PERSONAL ALLOWANCES

Information

## VAT

Prepare for changes

## ELECTRIC V PETROL

Which is the cheapest to run?

## NEWS BITES

Little bites of tax info

## COMPANY NEWS

Round up of in house going on's

## BOOKS

Last read of the year

## RECIPE

Table Place Name Biscuits





# AUTUMN BUDGET



## Here's how the government's announcement affects you

- The national living wage will increase for over 23's to £10.42ph from the current level of £9.50 from 1st April 2023.
- Benefits including Universal Credit, will rise in line with inflation by 10.1% from April 2023.
- Pensions are also set to rise by 10.1% in line with inflation.
- Additional payments of £900 will be paid to those on means-tested benefits, £300 to pensioner households and £150 to people on disability benefits.
- A typical household will see their energy bills go up on average from £2500 a year to £3000 in April 2023.
- Energy firms will pay a windfall tax of 35%, up from 25%.
- Rent increases in the social rented sector will be capped at 7% in the next financial year.
- Northern Powerhouse Rail and HS2 are to go ahead.
- The point at which the highest earners start paying the top rate of tax is being lowered from £150,000 to £125,140.
- The income tax personal allowance and higher rate threshold will be frozen until 2028



## **Income tax**

Jeremy Hunt announced that the government will scrap plans to reduce the basic rate of income tax from 20% to 19% in April next year. The basic rate of income tax will remain at 20p indefinitely.

The rate had been due to reduce to 19p from April under Kwasi Kwarteng's mini-budget, a year earlier than Rishi Sunak had planned. Mr Hunt said it would now stay at 20p until economic conditions allowed a reduction.

## **Energy Bills**

Help with energy bills for all households will only last until April, with Jeremy Hunt announcing a review to look at a “new approach” to target support at those worst off after that.

The Energy Price Guarantee, which was announced in Kwasi Kwarteng's mini-budget in September, set out to ensure that a typical household in Great Britain paid around £2,500 a year on their energy bill. It was meant to last for the next two years, starting from October 2022.

## **Alcohol Duty**

The government will no longer freeze alcohol duty rates from 1 February 2023 for a year. But the next steps of the Alcohol Duty Review announced in Growth Plan 2022 will continue as planned.

The freeze being scrapped means that consumers will have to pay more for their booze. Brits will be forking out around 7p more, on average, for a pint of beer. A pint of cider will go up by around 4p, a bottle of wine 38p and a bottle of spirits £1.35.



# Income tax

## Income Tax rates and Personal Allowances

### Current rates and allowances

How much Income Tax you pay in each tax year depends on:

- how much of your income is above your Personal Allowance
- how much of your income falls within each tax band

Some income is tax-free.

The current tax year is from 6 April 2022 to 5 April 2023.

### Your tax-free Personal Allowance

The standard Personal Allowance is £12,570, which is the amount of income you do not have to pay tax on.

Your Personal Allowance may be bigger if you claim Marriage Allowance or Blind Person's Allowance. It's smaller if your income is over £100,000.

### Income Tax rates and bands

The table shows the tax rates you pay in each band if you have a standard Personal Allowance of £12,570.

BAND	TAXABLE INCOME	TAX RATE
Personal Allowance	Upto £12,570	0%
Basic Rate	£12,571 to £50,270	20%
Higher Rate	£50,271 to £150,000	40%
Additional Rate	Over £150,000	45%

# Continued...

## Income Tax rates and Personal Allowances

You can also see the rates and bands without the Personal Allowance. You do not get a Personal Allowance on taxable income over £125,140.

If you're employed or get a pension

Check your Income Tax to see:

- your Personal Allowance and tax code
- how much tax you've paid in the current tax year
- how much you're likely to pay for the rest of the year

### Other allowances

You have tax-free allowances for:

- savings interest
- dividends, if you own shares in a company

You may also have tax-free allowances for:

- your first £1,000 of income from self-employment - this is your 'trading allowance'
- your first £1,000 of income from property you rent (unless you're using the Rent a Room Scheme)

Find out whether you're eligible for the trading and property allowances.

You pay tax on any interest, dividends or income over your allowances.

### Paying less Income Tax

You may be able to claim Income Tax reliefs if you're eligible for them.

If you're married or in a civil partnership

You may be able to claim Marriage Allowance to reduce your partner's tax if your income is less than the standard Personal Allowance.

If you do not claim Marriage Allowance and you or your partner were born before 6 April 1935, you may be able to claim Married Couple's Allowance.



INCOME TAX

# ELECTRIC CAR

# PETROL CAR

# VS



## Electric v Petrol, Which is the cheapest

Electric cars are often thought of as being more expensive to own and operate than their petrol-powered counterparts. However, there are a number of factors that can affect the total cost of ownership (TCO) of an electric vehicle (EV), including fuel costs, maintenance costs, and purchase price.

When it comes to fuel costs, EVs have a clear advantage over petrol cars. Electric vehicles are powered by electricity, which is typically cheaper than petrol per unit of energy. In addition, EVs are much more efficient than petrol cars, meaning that they use less energy to travel the same distance. This results in lower fuel costs for EV owners.

Maintenance costs for EVs are also generally lower than for petrol cars. This is because electric vehicles have fewer moving parts than petrol cars, and thus require less frequent and expensive maintenance.

Finally, purchase price is another important factor to consider when comparing EVs and petrol cars. EVs tend to be more expensive to buy than their petrol counterparts. However, this cost difference is often offset by government incentives and rebates, which can make EVs more affordable.

In conclusion, there are a number of factors that can affect the total cost of ownership of an electric vehicle. When taking all of these factors into account, it is clear that EVs can be a more economical option than petrol cars.

# ELECTRIC CAR

# PETROL CAR

# VS



## Continued...Electric v Petrol, Which is the cheapest

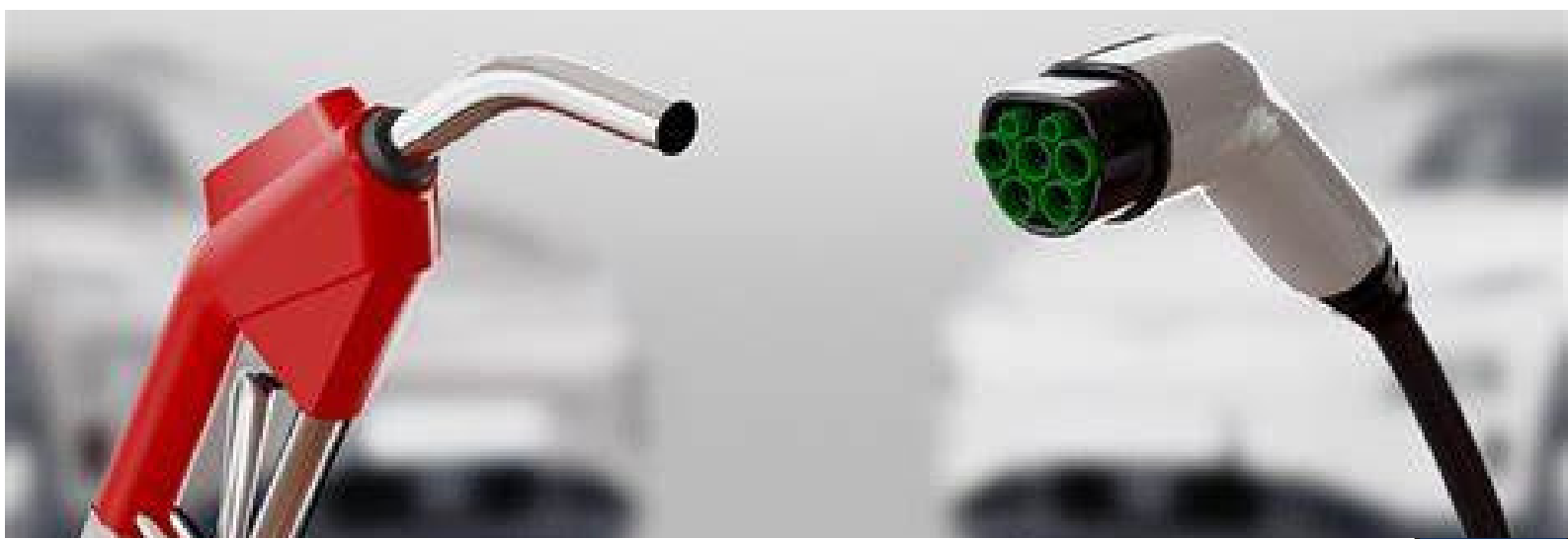
Electric cars are becoming increasingly popular, as drivers look for ways to save money on fuel costs. But how do electric cars compare to petrol-powered vehicles when it comes to running costs?

To work out the cost of running an electric car, we need to take into account the cost of electricity and the mileage that the car can travel on a single charge. Based on these two factors, we can calculate that the average cost of running an electric car is around 2.5p per mile.

In comparison, the average cost of petrol is currently around 14p per litre. This means that, based on current prices, it would cost around 9.5p to drive one mile in a petrol-powered car.

So, based on these figures, it would cost around 7p less to drive an electric car for one mile than it would a petrol-powered car. Over the course of a year, this could save you hundreds of pounds in fuel costs.

Of course, the initial cost of buying an electric car can be higher than that of a petrol-powered vehicle. However, with savings like these on running costs, electric cars could soon become the more affordable option in the long run.





# IS YOUR BUSINESS PREPARED FOR IMMINENT VAT CHANGES?

## **Prepare for upcoming changes to VAT penalties and VAT interest charges**

Find out about new VAT penalties and interest charges that will apply to everyone who submits a VAT Return from 1 January 2023.

For VAT periods starting on or after 1 January 2023, the default surcharge will be replaced by new penalties if you submit VAT returns late or pay VAT late.

There will also be changes to how VAT Interest is calculated.

### **Who is affected**

The changes will affect everyone submitting VAT Returns for accounting periods starting on or after 1 January 2023.

Any nil or repayment VAT returns received late will also be subject to late submission penalty points and financial penalties.

### **If you submit your VAT return late**

Late submission penalties will work on a points-based system. For each VAT Return you submit late you will receive one late submission penalty point.

Once a penalty threshold is reached, you will receive a £200 penalty and a further £200 penalty for each subsequent late submission.

The late submission penalty points threshold will vary according to your submission frequency.



<b>SUBMISSION FREQUENCY</b>	<b>PENALTY POINTS THRESHOLD</b>	<b>PERIOD OF COMPLIANCE</b>
ANNUALLY	2	24 MONTHS
QUARTERLY	4	12 MONTHS
MONTHLY	5	6 MONTHS

**You will be able to reset your points back to zero if you:**

- submit your returns on or before the due date for your period of compliance — this will be based on your submission frequency
- make sure all outstanding returns due for the previous 24 months have been received by HMRC

**If you do not pay your VAT on time**

For late payment penalties, the sooner you pay the lower the penalty rate will be.

**Up to 15 days overdue**

You will not be charged a penalty if you pay the VAT you owe in full or agree a payment plan on or between days 1 and 15.

**Between 16 and 30 days overdue**

You will receive a first penalty calculated at 2% on the VAT you owe at day 15 if you pay in full or agree a payment plan on or between days 16 and 30.

**31 days or more overdue**

You will receive a first penalty calculated at 2% on the VAT you owe at day 15 plus 2% on the VAT you owe at day 30.

You will receive a second penalty calculated at a daily rate of 4% per year for the duration of the outstanding balance. This is calculated when the outstanding balance is paid in full or a payment plan is agreed.

## **Period of familiarisation**

To give you time to get used to the changes, HMRC will not be charging a first late payment penalty for the first year from 1 January 2023 until 31 December 2023, if you pay in full within 30 days of your payment due date.

## **How late payment interest will be charged**

From 1 January 2023, HMRC will charge late payment interest from the day your payment is overdue to the day your payment is made in full.

Late payment interest is calculated as the Bank of England base rate plus 2.5%.

## **Introduction of repayment interest**

The repayment supplement will be withdrawn from 1 January 2023.

For accounting periods starting on or after 1 January 2023, HMRC will pay you repayment interest on any VAT that you are owed.

This will be calculated from the day after the due date or the date of submission (whichever is later) and until the day HMRC pays you the repayment VAT amount due to you in full.

Repayment interest will be calculated as the Bank of England base rate minus 1%. The minimum rate of repayment interest will always be 0.5% even if the repayment interest calculation results in a lower percentage.



# NEWS

## Bites

### **BITE SIZED NEWS ROUND UP FOR TAX**

#### **HMRC to transfer remaining businesses to MTD VAT**

HMRC has now closed the online VAT return to all businesses, except annual filers and those with an agreed digital exclusion exemption.

Businesses that have not yet signed up to MTD VAT will be automatically transferred.

#### **Income Tax and Capital Gains Tax**

The Chancellor has confirmed that headline rates of income tax and capital gains tax (CGT) will remain at their current levels. However, there were various reductions in key thresholds and allowances, and several others were frozen for longer than previously announced.

#### **Self assessment and corporation tax repayment notifications**

HMRC is to stop sending paper notifications of corporation tax (CT) and income tax self assessment (SA) repayments made electronically via BACS. These notifications are currently sent to both taxpayers and agents and will cease from 16 December 2022. Agents and taxpayers will need to rely on checking online accounts for notification that a CT or SA repayment has been made.

## **What is a non-dom?**

Non-dom" is short for "non-domiciled individual".

It's a term used for a UK resident whose permanent home, or domicile, is outside the UK.

"Non-dom" is a description of tax status, and has nothing to do with one's chosen nationality, citizenship or resident status (although it can be affected by these factors).

A non-dom only pays UK tax on money earned in the UK but does not have to pay any tax to the UK on money made elsewhere in the world (unless they pay that money into a UK bank account).

For wealthy individuals, this presents the opportunity for significant - and entirely legal - savings, if they choose a lower-tax country for their domicile.

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

Income tax personal allowance will freeze at £12,570 until April 2028.

Anyone who earns more than this will pay more tax.

The threshold at which people start paying higher rate tax for the same period. They were already frozen until 2026.

Freezing the thresholds means that tax bands stay the same, even as people's pay goes up.

As wages rise, people pay tax on a larger proportion of their earnings, and more people move into higher tax brackets. This is sometimes called fiscal drag.

## **What is National Insurance?**

For employees, National Insurance is in many ways similar to income tax - it is also a tax on the money you earn.

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

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

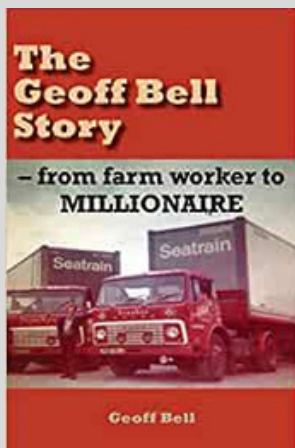
You do not pay it on the first £12,571 you earn a year. It is then charged at 12% on earnings up to £50,271, and it is 2% on any money made above that.

Mr Hunt confirmed the main National Insurance thresholds will also remain frozen until April 2028.

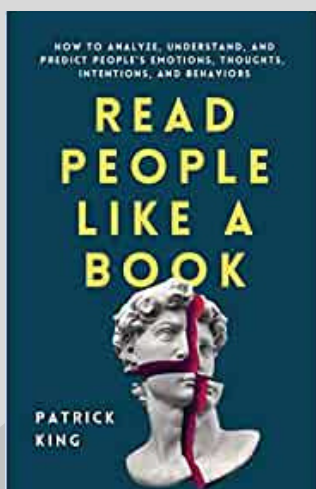
It is not paid by people over the state pension age even if they are still working.

Employers also have to pay National Insurance.

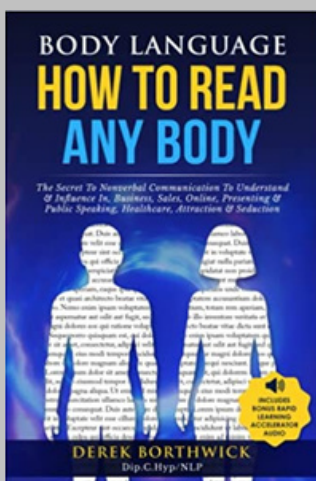
# FOUR FAVOURITE READS FOR DECEMBER/JANUARY



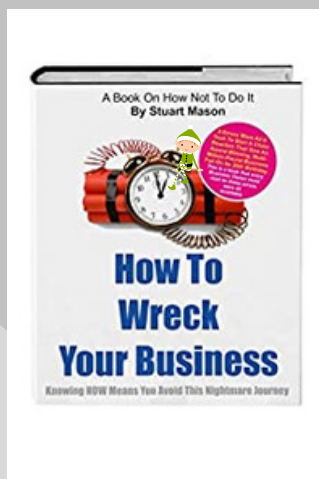
**The Geoff Bell Story: from farm worker to MILLIONAIRE**



**Read People Like a Book: How to Analyze, Understand, and Predict People's Emotions, Thoughts, Intentions, and Behaviors**



**Body Language How To Read Any Body: The Secret To Nonverbal Communication To Understand & Influence In, Business, Sales, Online, Presenting & Public Speaking, Healthcare, Attraction & Seduction**



**How To Wreck Your Business: It's the story EVERY business owner NEEDS to read. The mistakes made here were ALL avoidable.**



# Perception Accounting Company News

## Find the naughty elf!

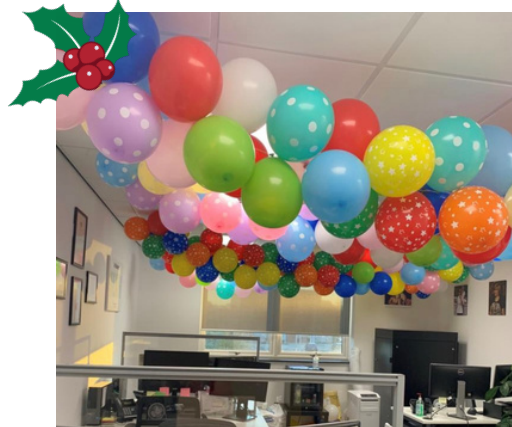
The first person to find the elf hidden in our December newsletter and emails [info@perceptionaccounting.com](mailto:info@perceptionaccounting.com) will win a bottle of wine in time for Christmas!



And the  
winner  
is...

Last months cook off competition between Lisa and Georgie of slow cooked spaghetti bolognese was a close run thing but the winner was Georgie due to the basil garnish.

## Tax Returns



Here they are, the Tax Return balloons- once we receive your tax return we pop a balloon. Help us pop them early!

And here  
it is...

Our Christmas  
Tree door..

Our buildings  
annual Christmas  
competition.

Well done team!



# Table Place Name Biscuits



## Ingredients

- Unsalted butter
- 75 g
- Light Brown Sugar
- 75 g
- Dark Brown Sugar
- 45 ml
- Golden Syrup (3tbsp)
- 1
- Medium Egg (beaten)
- 300 g
- Plain Flour
- 5 g
- Bicarbonate of Soda (1tsp)
- 5 g
- Ground Ginger (2tsp)
- 2 g
- Ground Cinnamon (1tsp)

## To Decorate

- 454 gr Ready to Roll White Fondant Icing
- Christmas Glittery Decorating Icing
- Christmas Sprinkle Mix

## Method

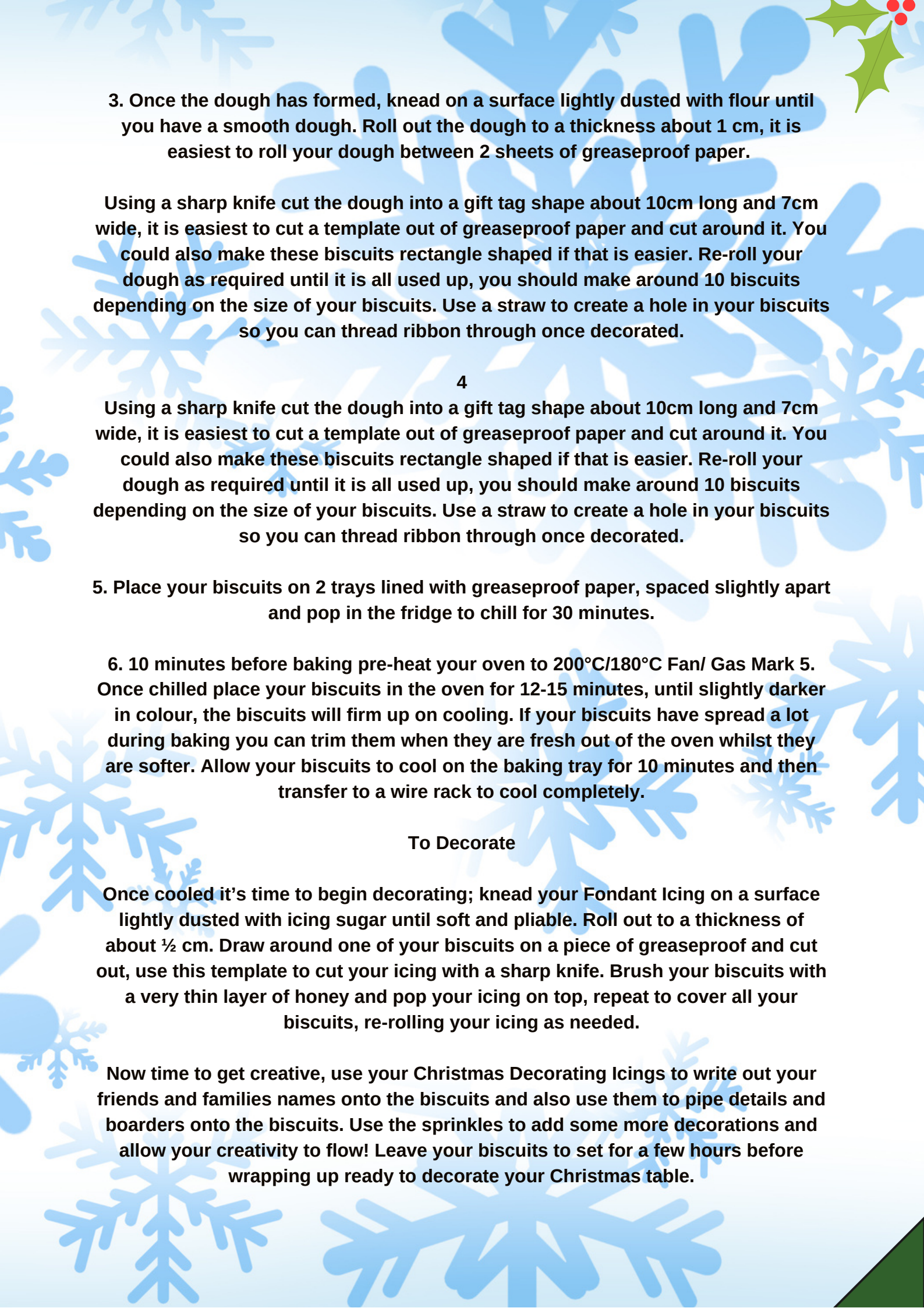
For the biscuit dough

1.

Place the butter and sugars into a bowl and creamy together, once smooth add the golden syrup and egg. Mix together to form a smooth paste.

2

In a separate bowl mix together the flour, Bicarbonate of Soda, ginger and cinnamon. Add the dry ingredients to the wet ingredients and mix together until a dough is formed – this is easiest to do in a free standing mixer but you can also mix the dough together by hand.



**3. Once the dough has formed, knead on a surface lightly dusted with flour until you have a smooth dough. Roll out the dough to a thickness about 1 cm, it is easiest to roll your dough between 2 sheets of greaseproof paper.**

**Using a sharp knife cut the dough into a gift tag shape about 10cm long and 7cm wide, it is easiest to cut a template out of greaseproof paper and cut around it. You could also make these biscuits rectangle shaped if that is easier. Re-roll your dough as required until it is all used up, you should make around 10 biscuits depending on the size of your biscuits. Use a straw to create a hole in your biscuits so you can thread ribbon through once decorated.**

**4**

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**5. Place your biscuits on 2 trays lined with greaseproof paper, spaced slightly apart and pop in the fridge to chill for 30 minutes.**

**6. 10 minutes before baking pre-heat your oven to 200°C/180°C Fan/ Gas Mark 5. Once chilled place your biscuits in the oven for 12-15 minutes, until slightly darker in colour, the biscuits will firm up on cooling. If your biscuits have spread a lot during baking you can trim them when they are fresh out of the oven whilst they are softer. Allow your biscuits to cool on the baking tray for 10 minutes and then transfer to a wire rack to cool completely.**

#### **To Decorate**

**Once cooled it's time to begin decorating; knead your Fondant Icing on a surface lightly dusted with icing sugar until soft and pliable. Roll out to a thickness of about ½ cm. Draw around one of your biscuits on a piece of greaseproof and cut out, use this template to cut your icing with a sharp knife. Brush your biscuits with a very thin layer of honey and pop your icing on top, repeat to cover all your biscuits, re-rolling your icing as needed.**

**Now time to get creative, use your Christmas Decorating Icings to write out your friends and families names onto the biscuits and also use them to pipe details and borders onto the biscuits. Use the sprinkles to add some more decorations and allow your creativity to flow! Leave your biscuits to set for a few hours before wrapping up ready to decorate your Christmas table.**





## *Final thoughts from the MD*

Well, I think it is safe to say that the January rush is well and truly upon us! After a flying start, the summer seemed to lull a lot of people into a false sense of security, and we now have a lot more tax returns still to do than I would like! The number that we still do not have information in for is double what it was last this time last year. 🤔

Therefore, the push is now on to get as many in before the Christmas break as possible. So, if you are one of those who has not yet got your information in, please make my Christmas and send it over to me. 😊

On a completely different note, who absolutely loved the world cup? We certainly did! Despite being held in a highly controversial location, the football was phenomenal and highly entertaining.

Well done to England 🇬🇧 who played a great game against France, despite losing (with a little help from the Ref!). We were all so pleased to see the phenomenal Messi lift the trophy at the end of a hugely entertaining match that gave us everything.



Bring on the EUROS!

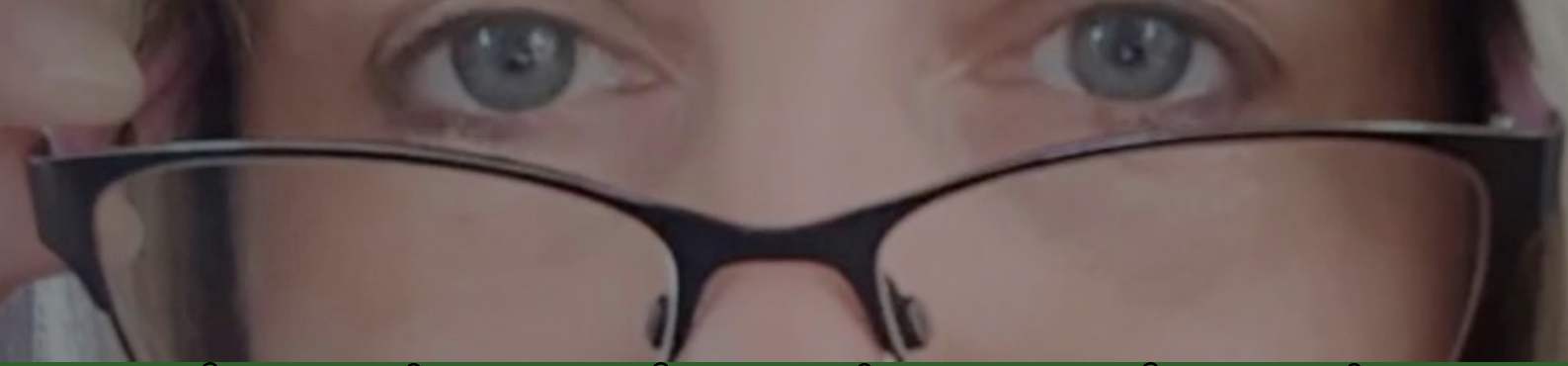


Happy Christmas everyone. I hope you have a lovely Christmas break and celebrate the New Year in style.

Finally, my thoughts and love go out to anyone that has lost someone dear to them this year, I know there are a few of you and that Christmas is a tough time, so I wanted you to know that our thoughts are with you.

*Lisa Brown*





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Perception Accounting  
Accountants with Vision

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