



Perception Accounting
Accountants with Vision

PERCEPTION ACCOUNTING

AUGUST 2022 - Issue 5

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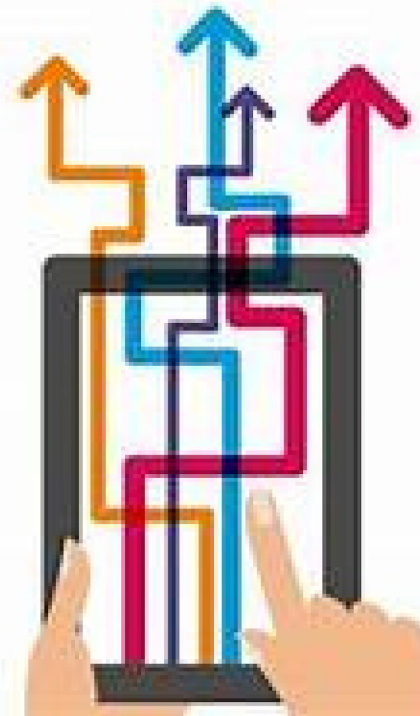
Anyone for tennis?





HM Revenue
& Customs

MAKING TAX DIGITAL



For Income Tax

Making Tax Digital (MTD) is the government's ongoing plan to bring tax accounting and collection into the 21st century.

As the name suggests, it does this by using software to digitally submit tax information to HMRC and also requires certain accounting records to be kept digitally. This means that providing the digital copy is clear and readable you will not have to keep the physical receipts.

MTD will mean it will be possible to see throughout the year how much tax you owe before payment becomes due at the usual times. This aids better cash flow calculations among other things.

What is Making Tax Digital for Income Tax in a nutshell?

Here is MTD for Income Tax summarised in as few words as possible:

- It affects sole traders, landlords and certain kinds of partnerships that currently use the Self Assessment income tax system.
- It only affects those listed above with a total income over £10,000.
- For each sole trader business, and for total rental income, it requires at least 4x quarterly reports and an end of period statement (EOPS).
- Each individual must submit a final declaration by 31 January following the end of the tax year.

Who does MTD for Income Tax affect?

The £10,000 threshold applies to the income of an individual, rather than to individual businesses.

For example, if an individual is both a sole trader and also a landlord receiving rental income, then the income from these two businesses is added together to determine if that person crosses the £10,000 threshold.

Similarly, if an individual owns several sole trader businesses then the income from each should be added up to see if that person crosses the threshold. If the individual does not cross the threshold then they should continue using submitting a Self Assessment tax return, as currently is the case.

What are MTD for Income Tax quarterly reports?

Quarterly reports are a regular requirement of MTD for Income Tax. They help you better understand your tax and National Insurance liability across the year.

The rules are simple. During the accounting period for any business you own, at a minimum you're required to submit reports every three months to HMRC using software.

Landlords need to submit these reports for their rental income but only one return is required per quarter, regardless.

It has to be emphasised that four reports each accounting period is a minimum. You can submit more if you think it will assist your accounting.

A business that aligns to the tax year (6 April – 5 April) would need to submit at least the following reports for the 2024/25:

- 1st: Due by 5 August 2024 (covers 6 April 2024 – 5 July 2024)
- 2nd: Due by 5 November 2024 (covers 6 July 2024 – 5 October 2024)
- 3rd: Due by 5 February 2025 (covers 6 October 2024 – 5 January 2025)
- 4th: Due by 5 May 2025 (covers 6 January 2025 – 5 April 2025)

The reports will contain information about your accounting such as your income, allowable expenses, and any adjustments or reliefs.

This means HMRC is able to estimate your tax and National Insurance liability, so you can be sure about cash flow and the amount of money that you're putting away to pay your eventual tax bill.

These reports might sound foreboding but we will discuss with you how best MTD software will work for you. It's likely all you will have to do is review the information before submitting it.

Reports need to be submitted in this way for each business you own, and for any property income. This could mean submitting several reports across a year.

What are MTD for Income Tax end of period statements (EOPS)?

The EOPS is effectively a fifth and final report for each sole trader business you own, or for property rental. It is submitted using software following the end of your accounting period, and by 31 January each year at the very latest.

Using the EOPS, you finalise the taxable profit or loss for a business, or for your total rental income (and as with the quarterly reports, landlords need only create a single EOPS if they own and collect rent from multiple properties).

But it should be emphasised that, if you have several businesses, each will require the submission of its own EOPS.

The MTD for Income Tax final declaration is a single declaration that is made no later than 31st January which brings together all of the data including business and non-business income needed to finalise your tax position and calculate your final tax liability.

That means bringing together all the data including business and non-business income needed to finalise your tax position and reach your final tax liability.

The final declaration applies to you as an individual, so you only need to submit one, regardless of whether your income comes from multiple sole trader businesses and/or property rental.

It's worth noting that, unlike EOPS, the final declaration has no bearing on the accounting periods of any business you run. Instead, its deadline is fixed each year on 31 January.

Whilst MTD for Income Tax requires quarterly reporting the frequency of payments to HMRC will not change and will remain the same.

If you pay on account then a further payment will then be due by 31 July.

Is Self Assessment ending because of MTD for Income Tax?

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But it should be emphasised that, if you have several businesses, each will require the submission of its own EOPS.

That means bringing together all the data including business and non-business income needed to finalise your tax position and reach your final tax liability.

What's the MTD for Income Tax threshold?

MTD for Income Tax applies only to self-employed businesses' income and/or property income of more than £10,000.

How long do I have to keep my old accounting records as part of MTD for Income Tax?

This doesn't change compared to the existing Self Assessment system. You should keep records for at least five years.

Final thoughts on MTD for Income Tax

Key to getting ready for MTD for Income Tax is to stay ahead of the curve when it comes to learning about it, and also adoption.

Aim to sign up as soon as it becomes possible. This way you'll be ahead of the millions of others doing the same thing, and who are likely to cause substantial congestion when it comes to receiving support from HMRC and also their software vendor.

If you need to switch to using accounting software to comply with MTD for Income Tax then this is also best done as soon as possible, so you can adapt and improve any of your admin processes ahead of the legal requirements of MTD for Income Tax coming into force. Cloud accounting software will be updated in time, and you can start using it today.

MTD for Income Tax might seem like a big change but by splitting out the required tasks into chunks, you can introduce the requirements gradually for the benefit of you—and your business.

Here at Perception Accounting we will be encouraging and helping our clients to prepare for MTD for income tax as soon as possible, so over the next few months we will be in touch to discuss how we can support all of our self-assessment clients with this massive change. If in the meantime you have any questions please do not hesitate to contact us on info@perceptionaccounting.com.





ENVIRONMENTAL TAXES, RELIEFS AND SCHEMES FOR BUSINESSES

Environmental taxes encourage your business to operate in a more environmentally friendly way. There are taxes and schemes for different types and size of business. You may get reliefs or be exempt from some taxes, for example if:

- you use a lot of energy because of the nature of your business
- you're a small business that does not use much energy
- you buy energy-efficient technology for your business

You can pay less tax by applying for schemes to help you demonstrate that you're operating more efficiently and producing waste that's less damaging.

CAPITAL ALLOWANCES ON ENERGY-EFFICIENT ITEMS

You can claim capital allowances when you buy energy efficient, or low or zero-carbon technology for your business. This reduces the amount of tax you pay.

NEWS

Bites

NATIONAL INSURANCE

On **6th July** the new national insurance rates come into place. The primary threshold increases to £12,570 which means you can earn more before paying any national insurance but the rate also increases by 1.25% which will be spent on the NHS, health and social care in the UK. This levy will be shown separately on payslips for all employees.



The deadline for reporting any P11D expenses and benefits is 6th July and any payments must be made by 19th July 2022.

MTD

With MTD being rolled out Cloud-based Accounting is becoming more and more popular – speak to us to find out more and what you could be doing.

BLOCKCHAIN

The UK Government will start hands-on-testing of crypto blockchain technology for traditional market activities such as trading and settlement of stocks and bonds next year. – More about crypto and the gov here <https://www.gov.uk/government/news/government-sets-out-plan-to-make-uk-a-global-cryptoasset-technology-hub>

FUNDING



Community Business Trade Up Programme Opens for Applications

The School for Social Entrepreneurs has announced that its Community Business Trade Up programme is open. The programme is open to community businesses in England that exists to improve their local neighbourhood, village or town and who want to start or build their income from trading and sales, and become more sustainable.

The programme will provide businesses with mentoring support and a Match Trading grant worth up to £5,000 which is designed to challenge them to grow their income by matching 'pound-for-pound' an increase in income from trading.

All types of community businesses are eligible to apply however, priority will be given to those that are BAME led, by mostly young people (aged 16-35), and located in and giving support to very deprived or disadvantaged local communities.

The deadline for applications is 1pm on the 28th June 2022.

<https://www.the-sse.org/courses/community-business/#CBTU-apply-now>

Funding for Community Health & Wellbeing Projects

Overseas Development Grants for UK-based Charities (UK)

The Philip Henman Trust awards grants to major UK-based charities (with annual incomes of over £100,000) for long-term overseas development projects that require funding for between three and five years. These grants are split into annual payments (between £3,000 and £5,000 P.A.) with a maximum total of £25,000. Once the grant has been approved the organisation will be guaranteed an annual grant for the duration of the project, as long as receipts and reports are sent back to the Trust in the way that is specified

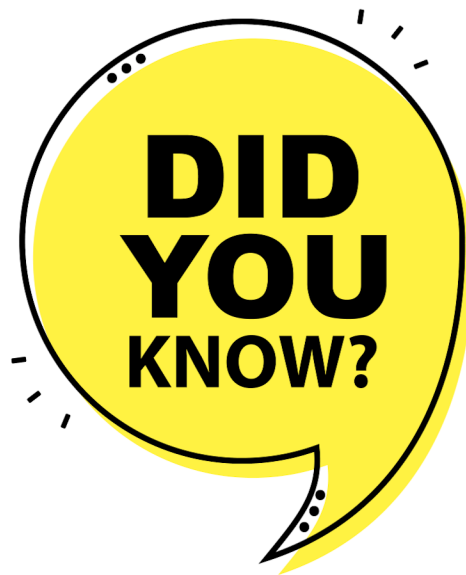
Successful applicants will have demonstrated that the project will provide lasting benefit for the people and communities supported.

Previous awards have been made to:

- Cool Earth to provide safe sanitation for indigenous rainforest villages in Papua New Guinea;
- Point Foundation to support community-based living for the disabled in Rwanda; and
- Just a Drop, a schools water and sanitation project in Kenya.

Applications are considered once a year. The next closing date for applications is the 10th September 2022.

<http://www.djclark.com/pht/long.html>



The word “accounting” comes from the French “compter” meaning to count or score. Other accounting terms are derived from Latin, such as “debit” – “he owes” and “credit” – “he trusts.”

The first Certified Public Accountancy (CPA) exam took place in New York on December 15th, 1896. Candidates had to answer 10 questions on Accounting Theory.

In 1921, John W. Cromwell, Jr. became the first African American CPA. Because of CPA requirements, it took him 15 years to become a CPA after graduating college.

Christine Ross was the first female CPA in the USA. In 1899 among Ross clients were wealthy women and persons working in the fashion industry.

Before a standard numbering system was developed, ancient accountants used clay tokens to keep track of animals and grain.

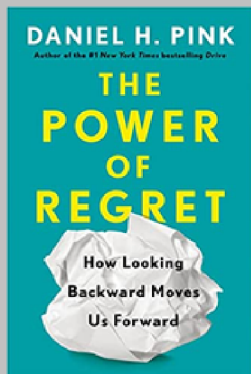
TWO FAVOURITE READS FOR MAY & JUNE

There are 1000's of business books to read. Some are hard work and not worth bothering with and some are hugely beneficial to any business owner.

We have read a few just to save you the trouble of finding what's good and what isn't

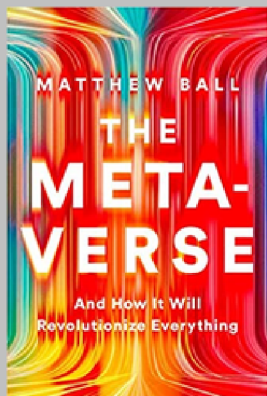


TWO OF THE BEST



The Power of Regret: How Looking Backward Moves Us Forward

Undoubtedly one of the most anticipated business books this year coming from the #1 New York Times–bestselling author of *When and Drive*, *The Power of Regret* dissects the hidden potential of regret and how it can work to help us make more informed decisions, perform better and live a more fulfilled life. Drawing on social psychology, neuroscience and biology, Daniel H. Pink debunks the 'no regrets' mindset and helps us find a positive in every mistake we think we could have made in the past.



The Metaverse: And How it Will Revolutionize Everything

If you haven't heard, the Metaverse is here. And it is here to stay. In his upcoming book pioneering theorist and venture capitalist Matthew Ball offers a comprehensive look at all things Metaverse – from how it will transform all industries to the ways it will reshape society as a whole. An absolutely unmissable book for absolutely everyone interested in what the future holds.

Perception Accounting Company News

Work Experience

We are excited to announce that Imogen will be joining us in July for work experience.

Jazz is also returning for work experience with us over the summer, she has also just completed her Bronze Duke of Edinburgh Award! Congratulations Jazz!

Exams

Best of luck to Chris for results day following the exam he sat on 9th June!

Charity Event

And now the news you have all been waiting for! We are excited to announce our charity event this year will be a **24hour Danceathon!**

On 10th September from 9am – do come along and support us – you can even put on your dance shoes and join us for a boogie you want to!





SCAM ALERT

Round up of the latest scams

Council Tax Refund Scam

There's a new council tax refund scam doing the rounds relating to the energy rebate of £150, according to a Which? scams update. The Local Government Association has given guidance that people who pay for council by direct debit will receive the government's energy rebate directly into their bank account. If people pay in other ways (not direct debit) they will be sent a letter with details of how to claim the rebate. They should never respond to a text or email.

Doorstep Scam

People on pre payment meters are offered "cut-price energy", according to Action Fraud. People are offered a cut price deal on their doorstep, for example £50 of electricity meter top-up for a cash payment of just £25. But criminals are using cloned keys to top up energy credit illegally and energy companies do not receive payment for energy used, and the customer ends up paying for the energy twice – first to the fraudsters and then to their energy company.





Covid Pass Scam

Criminals are using the NHS Covid Pass as a way to target the public by convincing them to hand over money, financial details and personal information. They are sending imitation text messages, emails and making phone calls pretending to be from the NHS, and offering fake vaccine certificates for sale online and through social media.

Remember, the NHS app is free and the NHS Covid pass is free. The NHS will never ask for payment or financial details. The NHS will never issue fines or penalties relating to your Covid pass

Fake Ukraine Fundraisers

Action Fraud has received 196 reports of bogus requests to fundraise for victims of the crisis, reports the BBC.

Scammers use a variety of methods to con donors, including selling charity T-shirts, it says. Some are even pretending to be Wladimir Klitschko, whose brother Vitali is mayor of Ukraine's capital, Kyiv.

Action Fraud has shared advice about how to detect the scams:

Never click on the links or attachments in suspicious emails or respond to unsolicited messages asking for personal or financial details - even if they are in the name of a charity
To donate online, type in the address of the charity website rather than clicking on a link
Be cautious when donating to an online fundraising page - fake ones are often badly written or contain spelling mistakes

Anyone for tennis?

Pimms and Lemonade Jelly

Ingredients

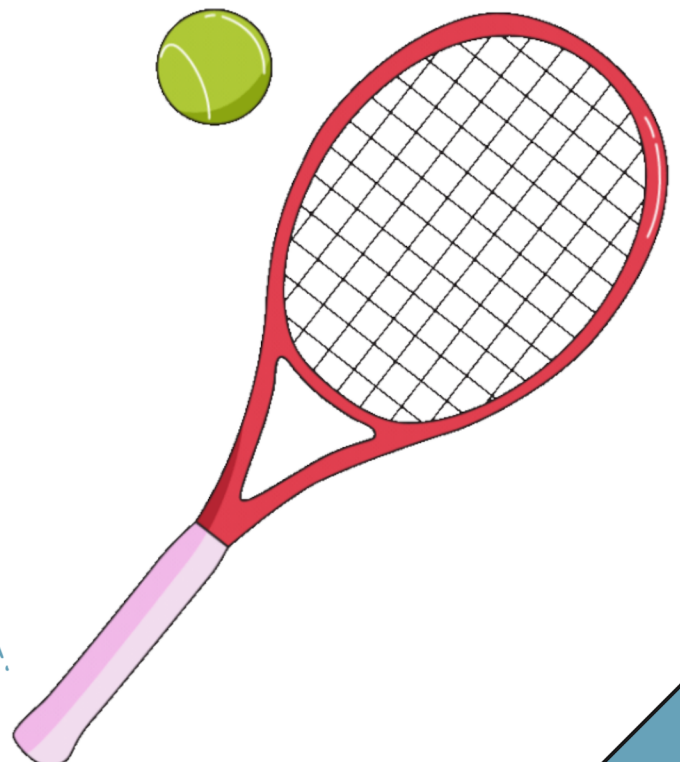
- 4 leaves of gelatine
- 100ml (3 1/2fl oz) Pimm's
- 300ml (10oz) lemonade
- 1 lemon, juiced
- 100g (3oz) strawberries, chopped

Serves 8 (makes 8 jellies)
30 mins to prepare
50 calories / serving
Gluten-free



Method

1. Soak the gelatine in cold water for 5 minutes or until it begins to soften. Meanwhile, in a small pan, gently heat the Pimm's until it is very warm but not too hot to touch. Squeeze out the gelatine leaves and add to the Pimm's. Stir until dissolved then add the lemonade and lemon juice.
2. Rinse 8 jelly moulds with water and keep them slightly wet inside. Add the strawberries to the jelly and then divide a third of the liquid between the jelly moulds. Put them in the fridge and allow to set.
3. Stir the remaining liquid occasionally to keep it from setting and then repeat the above step twice more until all the jelly is used up. This gradual method helps the distribution of fruit through the jelly. Leave the jellies in the fridge to chill completely. To serve, gently heat each jelly mould by placing it into warm water until the jelly loosens. Serve with vanilla ice cream.



Enjoy!

Final thoughts from the MD

I hope everyone enjoyed their jubilee long weekend and celebrated in style, what an amazing lady Queen Elizabeth II is.

Here at Perception we are busy working on our new and improved team values and behaviours, following some inspiring training from the lovely Pete & Janelle at Global Business Performance Ltd. The whole team were instrumental in choosing the behaviours, one of which was excellence, and I look forward to seeing how that shows itself over the coming months.

I am thrilled to have welcomed 16 new clients to the Perception family over the past two months and I am looking forward to getting to know them and making sure they feel valued and looked after. A big thank you to all of the clients that recommended us, as this is how we get almost all of our new clients.

Finally, I hope everyone has a happy and productive couple of months until the next edition!

Lisa Brown



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