



Perception Accounting
Accountants with Vision

Perception Accounting

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How Does IR35 Affect Contractors

IR35, also known as the "off-payroll working rules," is a set of tax regulations in the United Kingdom that specifically targets contractors and freelancers who work through intermediaries, such as limited companies or personal service companies (PSCs). The main goal of IR35 is to determine whether a contractor should be classified as an employee for tax purposes, even if they are providing their services through an intermediary.

The rules were introduced to ensure that individuals who are essentially working in a manner similar to traditional employees but are using intermediaries to potentially reduce their tax liability, are appropriately taxed and treated. In other words, if a contractor is found to be "inside IR35," it means that their working arrangement is deemed to be akin to an employment relationship, and they should be subject to similar tax and National Insurance contributions as regular employees.

If a contractor is classified as "outside IR35," it implies that their working arrangement is more in line with genuine self-employment, and they can continue to operate through their intermediary without the same tax implications.

Determining whether a contractor falls inside or outside IR35 involves evaluating various factors, such as the level of control the contractor has over their work, the degree of financial risk they bear, the nature of their engagement, and the overall relationship between the contractor, the client, and the intermediary.

It's important for contractors to understand their IR35 status, as getting it wrong can lead to significant tax liabilities and penalties. In the private sector, responsibility for determining IR35 status was shifted from the contractor to the client (usually a medium or large company) in April 2021, similar to the public sector where this rule had been in place since 2017. This means that the client is now responsible for assessing the contractor's IR35 status and making appropriate tax deductions if necessary.

Contractors can use various resources and tools to help determine their IR35 status, and it's often advisable to seek professional advice from tax experts or legal professionals to ensure compliance with the regulations.

Read below how Lorraine Kelly won her case against HMRC when they argued she was caught by IR35 legislation.

LORRAINE KELLY TAX WIN





What taxes need to be dealt with when someone dies?

This article is a general overview of the types of taxes that might need to be addressed when someone passes away.

However, please consult with a qualified legal or financial professional for accurate and up-to-date advice based on your specific situation.

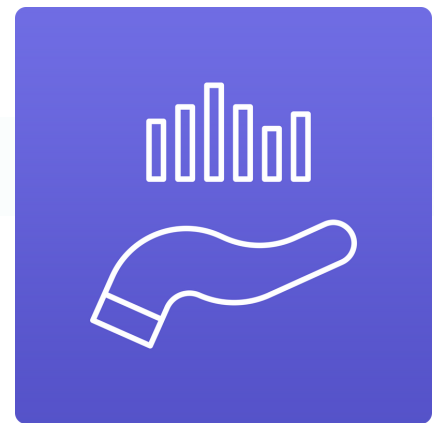
The tax implications can vary greatly depending on factors such as the country where the deceased person lived, the value of their estate, and their financial situation. Here are some common types of taxes that might need to be considered:

Estate Tax or Inheritance Tax: Some jurisdictions impose taxes on the transfer of wealth from a deceased person to their heirs. Estate taxes are typically based on the value of the estate, and inheritance taxes might be based on the value of what each heir receives. However, not all places have these taxes, and the thresholds and rates can differ widely.

- **Income Tax:** The deceased person's final income tax return may need to be filed to account for income earned up until the date of death. In some cases, the estate may also need to file income tax returns if it continues to generate income after the person's passing.



- **Capital Gains Tax:** If the deceased person owned assets that have appreciated in value (e.g., stocks, real estate), there might be capital gains tax implications when those assets are sold or transferred to heirs. Some jurisdictions provide a "step-up" in basis for inherited assets, which can reduce or eliminate capital gains tax.



- **Gift Tax:** If the deceased person made significant gifts before their death, there might be gift tax implications. Gift tax regulations can be complex and can vary based on the jurisdiction.



- **Generation-Skipping Transfer Tax:** This tax applies when assets are transferred from a deceased person to a person who is more than one generation younger, such as grandchildren. It's designed to prevent individuals from avoiding estate taxes by skipping a generation.

- **Probate Fees:** When the estate goes through the probate process (a legal process that validates a will and administers the estate), there might be court fees and administrative costs that need to be paid.
- **Property Taxes:** If the deceased person owned real estate, property taxes might need to be settled.
- **State and Local Taxes:** Different regions might have additional taxes or fees that apply upon death.



- **Calculating Tax Liability:** Based on the reported income, deductions, and credits, the taxpayer calculates the total tax liability using the tax rates and rules established by the government. Different sources of income might be taxed at different rates.
- **Filing Tax Return:** Taxpayers complete and file their tax return forms, which detail all the income, deductions, and credits for the relevant tax year. This return is submitted to the tax authorities.
- **Payment of Taxes:** Along with the tax return, taxpayers usually need to make payments for the taxes owed. These payments are typically made periodically throughout the year (as estimated tax payments) and reconciled when the final tax return is filed.
- **Audit and Verification:** Tax authorities may audit or review the tax return to ensure accuracy and compliance with tax laws. If discrepancies are found, taxpayers may need to provide additional documentation or make corrections.

Tax self-assessment requires individuals and businesses to be diligent in accurately reporting their financial information. It also places a greater responsibility on taxpayers to understand tax laws and regulations to ensure they are complying correctly. If taxpayers deliberately provide false information or underreport their income, they can face penalties and legal consequences.



What are the Five Rules of Business Leadership?

Being a successful business leader involves a combination of skills, qualities, and strategies that contribute to effective leadership. While there isn't a strict set of universal rules, here are five guiding principles that many successful business leaders adhere to:

- **Lead by Example:** Effective business leaders set the tone for their teams by demonstrating the behaviors, work ethic, and values they expect from their employees. Leading by example builds trust, respect, and a sense of camaraderie within the organization. When leaders embody the qualities they want to see in their team members, it fosters a positive and productive work environment.
- **Effective Communication:** Communication is essential for conveying the vision, goals, and expectations of the organization. Business leaders must be skilled at both speaking and listening. Clear and transparent communication helps align teams, prevent misunderstandings, and promote collaboration. It's important to be open to feedback and encourage open dialogue within the organization.

- **Empower and Delegate:** Successful leaders understand that they can't do everything themselves. Delegating tasks and responsibilities empowers team members and helps develop their skills. Effective delegation allows leaders to focus on strategic decisions and higher-level responsibilities. Trusting your team to deliver results and providing them with the autonomy to make decisions can lead to improved efficiency and innovation.
- **Adaptability and Innovation:** Business environments are constantly evolving, and leaders must be adaptable to change. Successful leaders are open to new ideas, willing to pivot when necessary, and comfortable with taking calculated risks. Embracing innovation and encouraging creativity within the organization can lead to competitive advantages and long-term success.
- **People-Centric Leadership:** Recognizing that people are the most valuable asset of any organization is a key principle of effective leadership. Prioritizing the well-being, growth, and development of employees creates a motivated and engaged workforce. Nurturing a positive company culture, providing opportunities for skill enhancement, and showing genuine concern for employees' professional and personal growth contribute to a loyal and dedicated team.

Remember that these principles are not exhaustive, and leadership is a continuous journey of growth and learning. Different situations and contexts may require adjustments to your approach. Successful business leadership is also about self-awareness and the ability to constantly improve and adapt to changing circumstances.

What are the Two Best Inventions Ever?



It's difficult to definitively determine the "best" inventions ever, as opinions can vary based on individual perspectives and criteria. However, two inventions that are often considered among the most impactful and transformative in human history are:

The Wheel



The Wheel: The wheel is often regarded as one of the most significant inventions in human history. It revolutionized transportation and machinery, allowing for the creation of carts, wagons, and later, vehicles.

The invention of the wheel is believed to be one of those fundamental developments that occurred over an extended period of time, and it's not attributed to a single individual. The wheel is thought to have emerged independently in different parts of the world as a solution to the challenges of transportation and moving heavy loads.

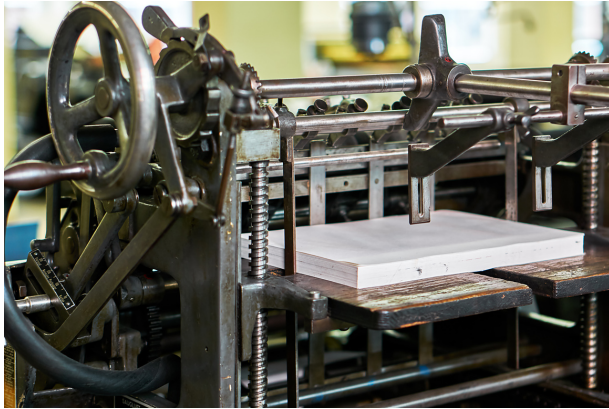
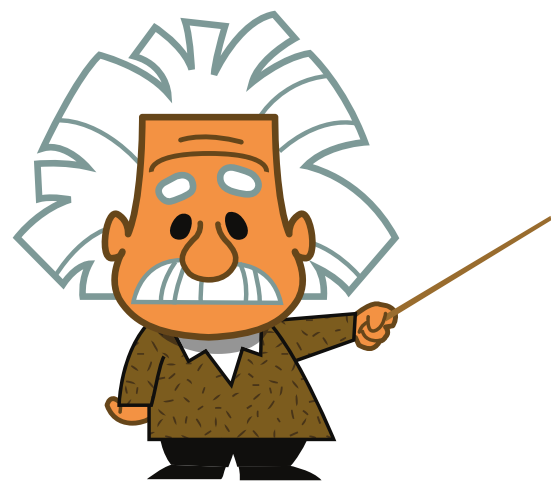
The earliest known evidence of wheeled vehicles comes from archaeological finds in various ancient civilizations. For example:

Mesopotamia: The Sumerians in ancient Mesopotamia (modern-day Iraq) are often credited with creating some of the earliest known wheeled vehicles around 3500 to 3000 BCE. These wheels were likely used for carts and chariots.

Indus Valley: The people of the Indus Valley civilization (in present-day India and Pakistan) also used wheeled vehicles as evidenced by archaeological findings dating back to around 2500 BCE.



The Printing Press



The Printing Press: The printing press, invented by Johannes Gutenberg in the 15th century, had a profound impact on the spread of knowledge and information. Before the printing press, books and documents were copied by hand, making them scarce and expensive.

The printing press enabled the mass production of books and other printed materials, making knowledge more accessible to a wider audience. This invention played a pivotal role in the Renaissance, the Reformation, and the overall advancement of education and culture.

These inventions had far-reaching effects on human civilization and laid the foundation for numerous subsequent innovations. However, it's important to note that the "best" inventions can vary depending on the criteria used, the time period considered, and the field of impact. Other inventions like electricity, the telephone, the internet, and medical breakthroughs have also had transformative effects on society and technology.

It's all relative, as Albert Einstein would have said!





A Few Tax Man Jokes

Why did the tax man become a gardener? Because he had a talent for digging up dirt!

Why did the tax man attend art school? He wanted to learn how to draw more deductions.

Why did the tax man bring a ladder to the audit? He heard the tax code was up in the air!

Why did the tax man get a job as a chef? He wanted to cook the books!



Watermelon Feta Salad with Mint



- 4 cups cubed watermelon (seedless)
- 1 cup crumbled feta cheese
- 1/2 red onion, thinly sliced
- 1/2 cup fresh mint leaves, torn
- 1/4 cup extra-virgin olive oil
- 2 tablespoons balsamic vinegar
- Salt and black pepper to taste

Instructions:

1. Prepare the Ingredients: Start by cubing the watermelon into bite-sized pieces. Crumble the feta cheese, and thinly slice the red onion. Tear the mint leaves into smaller pieces.
2. Assemble the Salad: In a large bowl, combine the cubed watermelon, crumbled feta cheese, sliced red onion, and torn mint leaves.
3. Make the Dressing: In a separate small bowl, whisk together the extra-virgin olive oil and balsamic vinegar to make the dressing. You can adjust the oil and vinegar quantities to your taste preference.
4. Toss and Season: Drizzle the dressing over the watermelon mixture. Gently toss everything together to ensure the ingredients are evenly coated with the dressing. Season with a pinch of salt and freshly ground black pepper to enhance the flavors.
5. Serve: Transfer the watermelon feta salad to a serving platter or individual plates. Garnish with additional torn mint leaves if desired.

Enjoy

Company News

Proud to announce

Perception Accounting have won the

'Most Innovative Accounting Practice' in Kent award for 2023'

Congratulations to the whole team here at Perception for working so hard to make this possible. We continue to strive to be the best at what we do. We keep upto date with technological advances in the accounting industry to bring you the best of us that we possibly can.





The winner of our competition to win a bottle of Bollinger is:

PAULINE HOLLAND!

The runners are:

Robert Henderson
Lisa Parker
Benedict O'Connor
Paul Briggs

Thank you to everyone that took part and enjoy your prizes!



Thank you to Jazz, who has helped us with administration over the past few weeks.

Welcome to Martin our new admin assistant and to Jake who is our new accounts trainee.





Final thoughts from the MD

It is lovely to finally see the sunshine, let's hope it continues to shine for the rest of the summer 😊

I am very pleased to have a complete team once again. Jake and Martin are settling in nicely and making good progress, so I am optimistic that I will now be able to get back to the job of developing and nurturing the business so that you all feel looked after and special, which is how it should be 😊

Thank you to everyone who got their tax return information in by the end of July, and well done to the 5 winners of our prize draw who were all thrilled to have won!

I am absolutely delighted that we have won the award for most innovative accounting practice in Kent in the SME News 2023 Business Elite Awards. Since I became a partner in the original practice and then subsequently rebranded and continued as Perception Accounting, it has always been my aim not to be a traditional old-fashioned and outdated accounting firm. I want to help my clients to do as well as they can by making sure I am there for them throughout the year to offer advice and support when needed.

cont...

I also wanted to make sure I offered my team the chance to realise their ambitions and have always supported them with and encouraged them in their studies. Finally, I wanted to ensure we were always up to date with technological advances and with that in mind we embraced the digital age of online software and ensured we were ahead of the game when it came to being ready for HMRC bringing in Making Tax Digital.

I want to say a huge thank you to my team, and especially to Georgie, who have made all of this a reality.

We still have a lot to do and there will always be new challenges, but it is good to feel that we might be getting it right sometimes!

I wish you all a fabulous summer.

Lisa Brown





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