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Chartered Accountants & Chartered Tax Advisers
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Business News

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

HMRC conducting Business Asset Disposal Relief checks

The Institute of Chartered Accountants in England and Wales (ICAEW) have reported that HM Revenue and Customs (HMRC) are contacting taxpayers they believe may have overclaimed Business Asset Disposal Relief.

What is Business Asset Disposal Relief (BADR)?

BADR, which was formerly known as entrepreneur's relief, is a tax relief that's designed to encourage business owners to sell or dispose of their business assets by offering a reduced rate of capital gains tax. However, there is a lifetime limit to the amount of gains that can qualify for BADR. As of 2024, this limit is £1 million.



Why are HMRC writing to taxpayers about this?

ICAEW report that HMRC is writing to taxpayers who claimed BADR on their 2022/23 tax return where they believe the taxpayer has either exceeded the lifetime limit before 2022/23, and so the claim on the tax return should be removed, or the claim on the tax return has taken the taxpayer over the limit, and so the claim needs to be reduced in line with the limit.

This may be an issue for some taxpayers because the lifetime limit for disposals was reduced from £10 million on and after 11 March 2020. Taxpayers not aware of this reduction therefore may have made a claim they believe is valid but isn't actually in line with the reduced limit.

What should you do if you receive a letter?

If you receive such a letter, then it's important to promptly check your claim. Where an adjustment is needed then you can simply amend your tax return. If you believe that your claim is in fact valid then HMRC need to be contacted within 30 days using the details contained in the letter.

Failing to do anything is likely to mean that HMRC will amend the return to discount the claim or open an enquiry into the return. If they then find any additional tax is due to be paid during the course of the enquiry, HMRC may charge a penalty.

Where we prepared your tax return, please simply hand the letter to us and we will be pleased to contact HMRC on your behalf. Whatever the case, if you are not sure about what to do, please feel free to contact us and we will be happy to help you.

See: <https://www.icaew.com/insights/tax-news/2024/jul-2024/taxpayers-may-have-exceeded-badr-limit>

Chancellor Launches Landmark Review to Boost Pensions and Investment

The Chancellor, Rachel Reeves, has announced a significant review aimed at enhancing pension investments, increasing pension pots, and reducing waste in the pensions system. The review was highlighted in the King's Speech, confirming a new Pensions Bill that could significantly benefit UK pensioners and the broader economy.

Here's an analysis of what the review could mean.

Key Highlights of the Pensions Review

1. **Boost to Pension Pots:** The new Pensions Bill has the potential to increase pension pots by over £11,000 for savers in defined contribution schemes. The bill also emphasises further consolidation and broader investment strategies to deliver higher returns.
2. **Economic Impact:** An investment shift in defined contribution schemes could introduce £8 billion of new productive investment into the UK economy. The review will also look at how to unlock the investment potential of the Local Government Pension Scheme (LGPS), which manages £360 billion in assets and is the seventh largest pension fund in the world.
3. **Reducing Fees:** The review will address the £2 billion annual expenditure on fees within the LGPS, aiming to cut down on waste and improve efficiency.

Industry support

The announcement has received strong support from various industry leaders: For instance, António Simões, CEO of Legal & General Group, welcomed the initiative, noting that driving pensions capital into areas like science and infrastructure can support better returns for savers and stimulate long-term economic growth.



Timing

The first stage of the review will report in the next few months and will look at further measures that can support the proposed Pensions Bill.

The Chancellor's landmark pensions review aims to unlock significant investment into the UK economy while enhancing retirement outcomes for millions of pension savers. The review should bring good news for pension savers, but we watch to see whether good intentions can turn into secure retirements for all.

See: <https://www.gov.uk/government/news/chancellor-vows-big-bang-on-growth-to-boost-investment-and-savings>

How to avoid fraudulent websites and shop safely online

The National Cyber Security Centre (NCSC) have refreshed their guidance on shopping and paying safely online. Whether for our business or personally, online shopping is now a normal feature of our daily routine. What tips do NCSC provide that can help us stay safe?

Check the shop is legitimate

Criminals send emails or texts that contain links to fake shops. These might direct you to a website that looks very much like a legitimate website, including the shop's logos and so forth. The web domain or address could also look reasonably convincing.

It is good policy to never click links from emails unless you are absolutely sure that the person who sent it is someone you trust and you know the email has come from them.

Using consumer websites, which usually have reviews, can help you to identify whether a site is legitimate. They may also help you identify whether a business you are considering using has a good reputation.

If possible, try typing the official website of the shop directly into your browser's address bar.

When using a search engine, take the time needed to read the entries on the results page rather than just clicking on the first item on the page.

Pay by credit card

Credit cards often have more protection for online purchases.

Using PayPal, Apple Pay or Google Pay may not provide the same level of protection, so make sure to check the 'terms & conditions' to see what protection you have.

Whatever you do, don't pay by direct bank transfer.

Be sparing with the details you provide

When you make payment only provide the mandatory details, which are usually marked by an asterisk.

NCSC advise that it is best not to create an account unless you think you'll become a regular customer. So, use the 'checkout as guest' option. Or, assuming they provide the protection cover you need, using PayPal, Apple Pay, or Google Pay could be your friend since using them means you don't usually need to create an account.

Whatever the case, you shouldn't let your browser remember your payment details if it prompts you to do so. And if you do create an account, don't allow them to store your payment details for future purchases.

Use strong passwords

You should make sure that your shopping, online banking and payment accounts are all protected by strong passwords that aren't used for any other account. Otherwise, if a criminal gets hold of the password to one account, they have free rein to access others.

Using 2-step verification is also a good defence as even if a hacker knows your password, they can't automatically access your account.

These tips can help you stay safer when shopping online and minimise the problems that come if you end up being a victim of fraud.

To look at the guidance in more detail, please see:

<https://www.ncsc.gov.uk/guidance/shopping-online-securely>

Making HMRC pay for poor service

Dealing with HM Revenue & Customs (HMRC) can sometimes be challenging. Long wait times when phoning for help, incorrect refund amounts, errors in tax codes and other issues can cause frustration. In recent months and years the decline in service standard from HMRC has been notable, but did you know that it is possible to complain about HMRC and even receive compensation?



What are your rights?

HMRC has a Charter that outlines the standards of service you should expect to receive from them. They promise to get things right, make things easy, be responsive, treat you fairly, be aware of your personal situation, respect your wish to have someone else deal with them on your behalf, and keep your data secure.

(<https://www.gov.uk/government/publications/hmrc-charter/the-hmrc-charter>)

If you can understand these rights it will help you to more clearly articulate how HMRC may have fallen short.

Keep everything documented

It is best to keep a detailed record of all your interactions with HMRC. Note down the dates, times, and names of any HMRC representatives you deal with as well as the substance of any conversation you have with them.

Letters, emails and other documents they send you should also be kept as they will support your case.

Contact HMRC

Start by contacting HMRC directly to try and resolve your issue. This can be done by calling their customer service or using their online services. Explain the problem clearly and provide any relevant details. If they don't resolve the issue to your satisfaction, then you can ask to escalate the complaint.

Submit a formal complaint

To do this you can either write a letter or fill out the complaint form that is available on the HMRC website. You should attach any relevant information or evidence that supports your claim.

Be clear on what outcome you are looking for. Tell them whether you want an apology, for them to correct an error or compensation.

Seek compensation

If you have lost out financially because of HMRC's error or poor service, then you can request compensation. Specify the amount you want and justify why you believe you deserve it.

Compensation can cover costs such as professional fees that you've had to pay to resolve the issue, or it could be interest on money that is owed to you.

Further steps

If necessary your complaint can be escalated to the Adjudicator's Office, who will make an independent investigation, or even your Member of Parliament (MP).

Tips to improve your chances

- Be clear and concise: Clearly outline your complaint and the resolution you seek. Avoid unnecessary details that can cloud the main issues.
- Stay calm and professional: While it can be frustrating dealing with bureaucratic processes, staying calm and professional can help your case be taken more seriously.
- Follow up: Don't hesitate to follow up if you don't receive a timely response. Persistence often pays.
- Know your deadlines: Be aware of any time limits for filing complaints or seeking compensation.

Following these steps and being well-prepared, you can increase your chances of resolving issues with HMRC and receiving any compensation due.

As your tax advisers we do our best to make sure that HMRC fulfil their end of the Charter when dealing with you, but when things go wrong, we can also help you complain and perhaps receive compensation. Just speak to us about this and we would be happy to help you.



Don't lose your cool over taxes...

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