

SMEs given a break by Chancellor

Contributions that small and medium-sized businesses make to the country's economy have been rewarded



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Welcome

Welcome to the latest edition of RDP Newmans News, which brings you updates and practical advice on issues that may affect you financially.

Our newsletter contains a round-up of tax and financial news and developments that we hope will be of interest to small and family businesses and private individuals.

In this issue we applaud some of the moves in the latest Budget to help SMEs, we take a look at dividend tax changes – not such good news – and why you shouldn't bury your head in the sand when it comes to APN's.

In home news, we welcome two new trainees and the exam success of several of our staff. We also acknowledge our fantastic team's efforts, which bowled us over. Our fundraising efforts for the Music Man Project are also mentioned.

Finally, we look at the burden of new pension rules on families and the impact Brexit would have on SMEs.

We hope you enjoy reading RDP Newmans

News and that you find it useful. We'd welcome your feedback on the content, or ideas for topics that you'd like to see featured in future, so if you would like to comment, please contact us on 020 8357 2727 or email enquiries@rdpnewmans.com.

For professional financial advice, tailored to your individual circumstances, on any of the topics covered in RDP Newmans News, please contact us.

New trainees welcomed...

RDP Newmans are delighted to announce the recruitment of two new staff members.

Vicki Saxby and Victoria Rowley have recently joined the firm, which has offices in Harrow, London and Southend.

Vicki Saxby joins the firm as a part-qualified trainee having already fully completed her level two and three AAT (Association of Accounting Technicians) qualifications and partially completed her level four examinations.

She hopes to continue her training while with the firm and gain vital experience in handling a range of business accounts.

She has been joined by Victoria Rowley, who has been appointed in a joint role as a Bookkeeper and Accounts Assistant.

She has two years of previous experience preparing accounts and has completed her level two and three AAT qualifications.

Paul Stafford, Partner at RDP Newmans Southend office where the two will train, said: "At RDP Newmans we are excited to be welcoming these new young and enthusiastic people into the profession and I am certain that with hard work and



dedication, Vicki and Victoria will have a happy career in accountancy.

"In the last few years we have seen a boom in the demand for our services, based upon our reputation as an award-winning firm and we are constantly on the lookout for new talent to join our team."

... while others celebrate exam success

A wave of trainee accountants from RDP Newmans is celebrating having passed important professional exams.



David Goddard, Jaini Shah, Vikesh Sikotra and John Quintero have all recently passed exams as part of their professional training with the award-winning firm.

Mahesh Sachdev, Partner at RDP Newmans, said: "Everyone at RDP Newmans is immensely proud of what these candidates

have managed to achieve. These qualifications require a lot of hard work and dedication and each of these trainees have showed these characteristics time and time again.

"I look forward to hearing about their future exam results and the success they experience in their career with RDP Newmans."

RDP Newmans says SMEs finally given a break by Chancellor

The contributions that small and medium-sized businesses make to the country's economy have been rewarded, by a Spring Budget that contains more good news than bad for UK industry.

To the surprise of many, businesses have largely escaped Budget cuts and have instead reaped the rewards in the form of reduced business rates, a drop in Corporation Tax, new rates for commercial stamp duty aimed at helping smaller businesses and a simplified tax system for the self-employed, which sees Class 2 national insurance abolished.

From April 2017, small businesses that occupy property with a rateable value of £12,000 or less will pay no business rates and there will be a tapered rate of relief on properties worth up to £15,000. The move, which is good news for independent retailers and single site units, means that 600,000 businesses will pay no rates.

From this April, Capital Gains Tax rates will be cut from 28 per cent to 20 per cent and the basic rate from 18 per cent to 10 per cent, although residential property will still be taxed at current rates. Whilst Capital Gains Tax on residential property does not apply to the main home, additional properties will be penalised and will hit buy-to-let landlords.

The main rate of Corporation Tax will be reduced to 17 per cent, benefitting over one million businesses although this will not take effect until 2020. The move aims to help businesses with cash flow.

Currently, the self-employed have to pay Class 2 NICs at £2.80 per week if they make a profit of £5,965 or over per year but from 2018, national insurance contributions will be simplified and Class 2 contributions will be abolished, with Class 4 NICs reformed so the self-employed can continue to build their pension benefit entitlement.

Personal Income Tax allowances are set to increase again. Currently up to £10,600 can be earned each year tax-free and this figure is already set to rise to £11,000 in 2016. The latest announcement sees a further increase to £11,500 in April 2017.

On the down side, personal and business insurance costs are set to rise with an additional half a per cent added which will now see Insurance Premium Tax rise to 10 per cent. The Chancellor also used the Budget to introduce a Sugar Tax, with soft drinks companies having to pay a levy on drinks with added sugar from April 2018.

According to the Office for Budget Responsibility, the UK economy will expand by two per cent this year, 2.2 per cent in 2017 and then 2.1 per cent in 2018, 2019 and 2020.

Although the Chancellor has claimed that this growth will be faster than any of the major development economies he has, nevertheless, had to revise his original predictions downwards. Mr Osborne, who has signalled his intention to support the 'stay' vote in the forthcoming Brexit referendum, has words of warning for the 'leave' camp stating that the UK economy growth figures are based on the UK remaining in the European Union.

David Finn, Partner at RDP Newmans, said: "This Budget has taken many pundits by surprise. The big prediction that fuel duty would rise, which would have hit businesses and motorists hard, failed to materialise.

"Instead we have a Spring Statement which is largely positive news for SMEs. Unless you are a buy-to-let landlord or a sugary drinks manufacturer, there is very little negative news."

However, David also issued a word of caution saying: "There are certain elements of the current Budget which may not be particularly beneficial to small business-owners. The Chancellor has hinted that salary sacrifice schemes may be limited in the future and he has also signalled an end to off payroll engagement in the public sector from April 2017. Both measures could hit business owners who use such schemes to reduce their tax liabilities.

"It should also be noted that the Chancellor has given away a substantial amount in this Budget and, without the usual large-scale hikes in duty and other taxes to cover these giveaways, one has to question how the books will be balanced long term. Without wishing to appear cynical, he may decide to claw back revenue in his autumn statement."

If you would like to know more about our range of tax and accountancy services, please contact us.



Families to face “burden” of new pension rules

Concerns have been raised by MPs about how families who employ nannies, carers, gardeners and other staff will cope with the significant “burden” of automatically enrolling these employees into pension schemes.

Some 58,000 employers have placed 5.4 million people into workplace pensions as a result of automatic enrolment, which was introduced in 2012 to head off fears of a looming old age savings crisis.

But the Public Accounts select committee said that nearly two million small businesses and individuals could face costs of up to £2,000 under the scheme, which it warned would represent a “real test” as they have “fewer resources”.

Under the rules, even those who employ just one member of staff will, within three years, have to start paying into a workplace pension for the employee.

The report said: “We are concerned about the potential burden on small employers. Smaller employers have fewer resources to administer automatic enrolment and simplifying the process will be critical to the success of the programme.”

Committee chairwoman Meg Hillier said: “Auto-enrolment is entering a critical stage which will affect 1.8 million additional employers and their staff. It is vital people can understand, implement and have faith in the system.

“They are worried about it. We urge HMRC to step in and automate it as much as possible. If you are a business with one or two employees they might not think this applies to them. It does.

“This is not just small businesses in the traditional sense. This will affect lots of private individuals who employ carers, nannies and even gardeners.”

The concerns were raised at the same time HSBC released a report showing that almost nine out of 10 (87 per cent) people aged 45 and over said they dream of retiring in the next five years.

But 43 per cent said they were unable to, with 71 per cent saying they haven’t saved

enough; 17 per cent have dependants who rely on their income and 13 per cent have too much debt to consider it.

The survey, which spoke to more than 18,000 across 17 countries, also found that people in the UK were more likely than their counterparts globally to say that their personal circumstances were a barrier to their retirement plans.

A Department for Work and Pensions (DWP) spokesman said: “We know that many people are not saving enough to maintain the standard of living they expect into retirement. That’s precisely why we introduced wide-ranging reforms to make pension saving easier, clearer and more sustainable.”

If you are a small firm, or individual, who will be required to pay into a pension for an employee, we can help.



Brexit threatens Britain's EU-dependant SMEs

Nearly three quarters of UK SMEs struggle to export beyond the European Union, new research has found.



This could mean they may be disproportionately disadvantaged if the UK votes to leave the EU in the upcoming referendum.

According to the study by insurance group RSA, 82 per cent of SMEs see European markets as important to their future growth with more than half (52 per cent) deeming those markets very important.

A quarter of SMEs described themselves as a European business, but 56 per cent complain that uncertainty around Britain's EU exit (Brexit) is already holding back their growth and 55 per cent say the Government is not supportive in dealing with Brexit. A total of 66 per cent called for greater clarity on the UK's future role in Europe.

The survey found that 74 per cent of SMEs believe the perception that small businesses are local by default is outdated and

damaging, with the same proportion saying that international growth is important to their business. However, despite this, 72 per cent struggle to export beyond EU borders.

David Swigciski, RSA SME director, said: "The UK's SMEs are stuck in the gravitational pull of the EU. Current Government export support isn't working for our smaller businesses, who are struggling to trade beyond Europe. We need a 21st century framework for the 21st century SME."

The RSA survey coincided with another that showed companies are less confident about their prospects than at any time in the past three years, amid fears about the global economy and uncertainty about Britain's place in Europe.

The findings warn that the UK is now suffering from problems in the global

economy, particularly China's slowdown and signs of weakness in America. The turmoil in the Middle East is also hitting confidence.

The second survey also found that the impending EU referendum is fuelling uncertainty for UK businesses looking at their long-term prospects.

Meanwhile, a major donor to the campaign to leave the EU has been embarrassed by an admission that a vote to leave could harm his business.

CMC Markets, set up by Eurosceptic Peter Cruddas, who has donated £1m to Vote Leave, said in its IPO prospectus that Brexit would hit profits and lead to regulatory challenges.

If you are worried about how an EU exit would affect your firm, please contact us.

APNs: Don't bury your head in the sand

Businesses receiving accelerated payment notices (APNs) should not take the matter lightly.



New figures reveal HMRC has collected more than £1 billion through their use since being granted new powers in 2014/15.

Under the rules, HMRC is able to make people pay disputed tax in advance, rather than waiting for the outcome of a tribunal ruling.

Once an APN is received, taxpayers have 90 days to pay the outstanding amount, whether they feel it is due or not. Only if the

taxpayer wins the case will money be reimbursed (with interest).

It creates a situation, therefore, in which APNs can have serious effects on the liquidity and reputation of businesses. The fact HMRC has already collected such a huge amount shows they are serious when it comes to potential tax avoidance.

While many of those targeted by the powers may have deliberately avoided

paying tax, there will be individuals and business who have been unfairly targeted and this is evident in the number of refunds already issued.

The answer for those facing these challenges is to seek professional advice sooner rather than later.

If you have received an accelerated payment notice or would like an advice on any other tax issues, please contact us.

Christmas came early for the Music Man Project thanks to RDP Newmans

Musicians from the well-known Music Man Project have received a variety of musical themed Christmas gifts thanks to RDP Newmans.

Staff from the firm's office in Southend held the 'Newmans helping Santa' gift drive in the run up to Christmas, which collected musical themed gifts for people who use the service.

A wide variety of items were donated to the drive, which were gifted to the Music Man

Projects musicians at a special Christmas lunch held at RDP Newmans' office in Southend-on-Sea.

Paul Stafford, Partner at RDP Newmans' Southend office, said: "We were absolutely delighted to have received so many musical

themed gifts during our charity drive; we were really blown away by people's generosity.

"The musicians from the service who came into to enjoy a lunch at our office were so excited to be receiving such wonderful gifts. We are absolutely delighted that we have been able to help them enjoy their passion for music."

He added that special thank must go to Rainbow Music of Billericay, Anything that Rock 'n' Roll of Southchurch Road and Allegro Music in Westcliff, who each donated a wide range of presents including instruments, CDs and posters.

A charity quiz night held by RDP Newmans in November raised more than £820 for the same cause.

RDP Newmans will be supporting the Music Man Project throughout 2016 as the firms chosen charity of the year and has plans for more fundraising events in the near future. To find out more, please contact us.



RDP Newmans bowled over by staff's dedication

A team of 30 accountants and tax advisers from RDP Newmans were treated to a fun night out after winning a year-long client satisfaction competition.

The staff members, who demonstrated that they had delivered exceptional services to clients, were taken out to All-star lanes in Holborn for bowling followed by dinner at Yauatcha restaurant in Soho, London as a thank you for their hard work.

As part of the firm's client satisfaction scheme, the practice's workforce of nearly 100 accountants was split into three teams and pitched against each other to deliver the best client service.

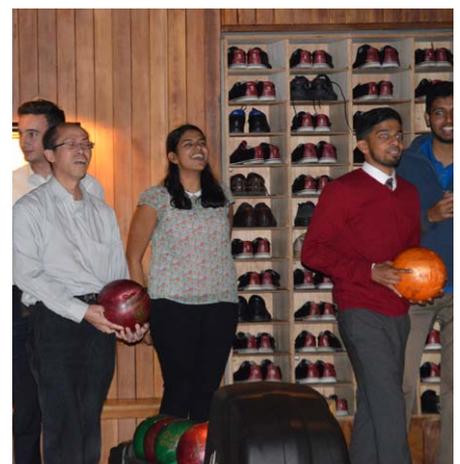
Throughout the year the practice has been monitoring client satisfaction with regular surveys and after months of strict competition the team with an

average 95 per cent positive rating were crowned victors.

Paresh Radia, a partner at RDP Newmans that led the winning team, said: "I would like to thank all of the staff members for their hard work and dedication which has driven up client satisfaction over the last year.

"Not only have they improved services for clients, but they have helped us to retain our valued customers."

"Client satisfaction is extremely important to us as a firm and we conduct regular checks to ensure that we are delivering the right services."



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Dividend tax – what the changes mean for SMEs...

New rules which came into force on April 6 mean that any individual receiving a dividend income can only benefit from a tax-free allowance on the first £5,000 they receive, while any amount over that threshold will be subject to tax of at least 7.5 per cent, regardless of their other earnings.

As a result of this, more SME owners will need to rethink the way they pay themselves and provide financial rewards to their staff.

Higher rate taxpayers, in particular, are affected as the amount of tax they now have to pay for any dividend amount over the £5,000 threshold has gone up to 32.5p for every pound.

Dividends remain a sound option for some, but not higher rate and additional rate taxpayers.

At RDP Newmans we can advise clients on all aspects of dividend tax, ensuring your dividend income is maximised ahead of the new rule changes.

If you would like more information about our range of personal and business tax services, please contact us.



www.rdpnewmans.com • enquiries@rdpnewmans.com



London Office:

2 Bath Place, Rivington Street,
London, EC2A 3DR

Telephone: 020 7749 1931

Harrow Office:

Lynwood House, 373/375 Station Road,
Harrow, Middlesex, HA1 2AW

Telephone: 020 8357 2727

Southend-on-Sea Office:

457 Southchurch Road,
Southend-on-Sea, Essex, SS1 2PH

Telephone: 01702 466 886

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