

Addition

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PLANNING FOR 2024

GETTING READY
FOR CHANGES
AFOOT



AUTUMN STATEMENT REVIEW

**PLANNING FOR THE NATIONAL
LIVING WAGE INCREASE**

2023: A YEAR OF...

**REALLY BIG QUIZ
BARNSTAPLE**

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FROM THE TOP

In a previous foreword, Mary Jane Campbell forecast that 2023 was “set to be an exciting year for the firm.”

That proved to be the case, notably with our relocation of the Exeter office to The Summit, after some 40 years at Michael House, and the enhancement of our tax advisory capacity with the appointment of Richard Tyler and David Shearer as new partners.

For me, 31 March 2024 is scheduled to see my retirement as a partner – exactly 37 years after I joined the Simpkins Edwards practice on 1 April 1987! Accounting and advisory highlights in that period have included numerous changes of Government, tax legislation, and the challenges arising from Black Wednesday 1992, Foot & Mouth 2001, the financial crisis 2008 and the COVID-19 pandemic. I will introduce my clients to their new partners over the next 3 months and wish the firm, its partners, staff and, of course, clients a long, harmonious, successful and profitable future.

Here's to 2024!

John Coombs



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AUTUMN STATEMENT: PLANNING FOR THE NATIONAL LIVING WAGE INCREASE?

A review of the changes to National Living Wage from April 2024, and what you need to be doing about it.

The Government recently announced that it has accepted the independent Low Pay Commission's recommendations in full and that the National Living Wage ("NLW") will increase to £11.44 from April 2024. This is a 9.8% increase, far outstripping the current inflation rate. It also represents the second large increase in a row with the NLW increasing 20.4% in two years.

Furthermore, in April the NLW is being extended to 21-year-olds, who were previously entitled to the lower National Minimum Wage ("NMW"). Therefore a 21- or 22-year-old currently being paid the NMW wage will get a 12.4% pay rise. A 20-year-old currently on the NMW is receiving £7.49. From April they will need to be paid a minimum of £11.44. This represents a substantial 52.7% pay increase.

Business owners need to plan carefully for the impact of a significantly higher wage bill. Let's not forget that mandatory pay rises for our lowest earners will no doubt have a ripple-effect through the payroll as many employees will expect the differential between them, and more junior or less experienced colleagues to be maintained.

We must also remember that it isn't just the headline rate that needs to

be funded. There is also employers' National Insurance Contributions at 13.8% and auto-enrolment pension at 3% to be paid. The threshold at which employers' NICs must be paid will not be uplifted with inflation so the effect of fiscal drag means the cost of employing people continues to rise.

We highly recommend that employers start planning now. Ensure you know your numbers so that April's payroll does not come as a shock.

If you need any assistance modelling the impact on your business and forming an action plan, please get in touch on 01392 211233.



AUTUMN STATEMENT SUMMARY

The Autumn Statement delivered a number of changes for both individuals and businesses:

- Dividend allowance reduction
- ISA rule changes
- National Insurance tax cuts
- Increase in National Living Wage (read more on page 3)
- Capital Gains Tax cuts
- Business rate freezes

CHANGES AFFECTING INDIVIDUALS

DIVIDENDS

There were no changes to the rates of taxation on dividend income which will remain as follows:

- the dividend ordinary rate - 8.75%
- the dividend upper rate - 33.75%
- the dividend additional rate - 39.35%.

As corporation tax due on directors' overdrawn loan accounts is paid at the dividend upper rate, this will also remain at 33.75%. The government will reduce the Dividend Allowance from £1,000 to £500 from 6 April 2024. This is estimated to affect 4.4 million individuals in 2024/25 with the average loss to those affected being around £155.

INDIVIDUAL SAVINGS ACCOUNTS (ISA)

The chancellor announced that from April 2024 individuals will be able to open multiple ISAs of the same type every year and to allow partial transfers of ISA funds in-year between providers from April 2024. This will be particularly important for individuals who max out their ISA limit each year and pay tax on interest.

NATIONAL INSURANCE CONTRIBUTIONS FOR EMPLOYEES

One key announcement made by the chancellor was to reduce the main rate of Class 1 employee NICs from 12% to 10% from 6 January 2024 so that employees can benefit as soon as possible. According to the government, this will provide a tax cut for 27 million working people with the average worker on £35,400 receiving a cut in 2024/25 of over £450.

CAPITAL GAINS

The capital gains tax annual exempt amount will be reduced from £6,000 to £3,000 from April 2024.

INHERITANCE TAX

The inheritance tax nil-rate bands will stay fixed at their current levels until April 2028.



CHANGES AFFECTING BUSINESSES

NATIONAL INSURANCE FOR SELF EMPLOYED INDIVIDUALS CLASS 2 NIC

The government will abolish Class 2 self-employed NICs from 6 April 2024. Those with profits between £6,725 and £12,570 will continue to get access to contributory benefits, including the State Pension, through a National Insurance credit without paying NICs.

Those with profits under £6,725 and others who pay Class 2 NICs voluntarily to get access to contributory benefits including the State Pension, will continue to be able to do so.

CLASS 4 NIC

The government will cut the main rate of Class 4 self-employed NICs from 9% to 8% from 6 April 2024.

BUSINESS RATES

The small business multiplier will be frozen for another year, while the 75% Retail, Hospitality and Leisure relief will be extended for 2024/25. The standard multiplier will be updated in line with September's Consumer Prices Index. These changes will take effect from 1 April 2024 in England.

RESEARCH & DEVELOPMENT (R&D)

The existing Research and Development Expenditure Credit (RDEC) and SME schemes will be merged, with expenditure incurred in accounting periods beginning on or after 1 April 2024 being claimed in the merged scheme. The rate under the merged scheme will be set at the current RDEC rate of 20%. The notional tax rate applied to loss-makers in the merged scheme will be lowered from 25% to 19%.

CORPORATION TAX

The government has confirmed that the rates of corporation tax will remain unchanged, which means that, from April 2024, the rate will stay at 25% for companies with profits over £250,000. The 19% small profits rate will be payable by companies with profits of £50,000 or less. Companies with profits between £50,001 and £250,000 will pay tax at the main rate reduced by a marginal relief, providing a gradual increase in the effective corporation tax rate.

VAT

The VAT registration and deregistration thresholds will not change for a further period of two years from 1 April 2024, staying at £85,000 and £83,000 respectively.



T A X

AUTUMN STATEMENT: WHAT WAS MISSING?

Tax cuts were the talk of the town in the lead up to the Autumn Statement. Although modest changes to the rates of National Insurance Contributions were announced, there is speculation that there may be more tax cuts in the Spring Budget 2024, to win voter support ahead of the next general election.

The following could be areas of focus for the Spring Budget based on speculation.

- Will the chancellor recommit to Rishi Sunak's promise from the spring budget in 2022 that the basic rate of income tax will be cut from 20 pence to 19 pence in the pound?
- Could a change in tax rate be linked to a change in the personal allowance which currently stands at £12,570 and is due to be frozen until 2027-28 but could be unfrozen and changed?
- The chancellor may focus further on tax changes for green sectors with the government pushing to have more electric vehicles on the roads in the future.
- Will there be changes to other taxes such as Capital gains tax? The annual allowance is already being reduced to £6,000 in 2022/23 and is being reduced further to £3,000 for the current tax year, and is due to be fixed at this rate for future tax years, but could this be reviewed?
- In terms of inheritance tax, the Nil rate band of £325,000 has been unchanged from 2009 and Residence nil rate band of £175,000 has remained unchanged since 2021. Will the chancellor increase the thresholds or reduce the rate of Inheritance Tax?
- The State Pension: will the Chancellor continue to commit to the "Triple Lock Pension"?

2023: A YEAR OF... A NEW OFFICE!

Our new office in Exeter has opened! We are now based at The Summit, Woodwater Park, Pynes Hill, EX2 5WS.

After over 40 years at Michael House in the city centre, this is an exciting move for the business and the team based in Exeter.

We had an opening event for the whole team to welcome in the new building, and a brilliant evening was had by all. Jodie Ounsley, our Exeter Chiefs sponsored player, cut the red ribbon, alongside Managing Partner, Mark Simic, alongside of the move:

“We are excited to be moving to our new office and joining the vibrant business community at Pynes Hill. The Summit is a modern and bright space carefully designed to create a collaborative working environment and a great place to work. Our new home will allow us the opportunity to continue to grow and develop our teams and is conveniently located for clients and visitors. We are looking forward to welcoming existing and new clients to The Summit.”



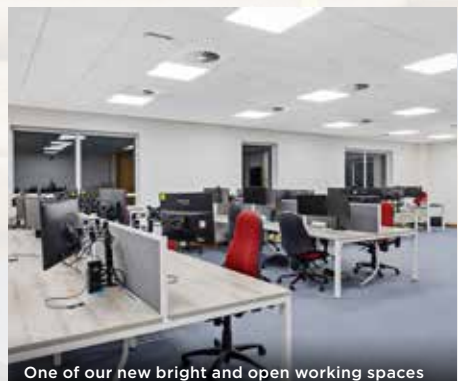
Mark Simic, Managing Partner, and Jodie Ounsley, Exeter Chiefs cutting the ribbon



The internal opening party in full swing in our new breakout space



Almost the whole team squeezed into one photo!



One of our new bright and open working spaces

2023: A YEAR OF... SPONSORSHIPS

Our support of local businesses and communities goes well beyond our Accounting services! Each year, we sponsor a number of businesses and initiatives, and it's a joy to see them thrive.

A particularly exciting sponsorship for 2023 is Jodie Ounsley, of Exeter Chiefs Women's rugby team.

Jodie is profoundly deaf and wears a cochlear implant; in 2019 she became the first deaf female rugby player to play for a senior England side and the world's first-ever deaf female rugby sevens international.

Earlier this year she became Honorary President for UK Deaf Sport, and went viral on Tiktok for sharing her story of life as a deaf woman. As if this wasn't enough to keep her busy, Jodie has also joined the Gladiator team as "Fury", which will be relaunched on BBC1 in January 2024.

We can't wait to see what Jodie gets up to both on and off the pitch in 2024, and will be there supporting her from the stands!



With Jodie Ounsley, our sponsored chiefs player of the season

2023: A YEAR OF... AWARDS

This year has been a bumper year for the team, and it's always exciting to see them recognised. Awards for this year include:

- **Xero Awards Finalist:**
Community Impact Award
- **Exeter College Apprentice and Employer Awards:**
Medium Firm of the Year,
Highly Commended
- **The Nottys Finalist:**
Financial Friend Award

An award to announce specifically, is the World Skills UK competition, where one of our teams of trainees came away with the Gold Medal in the Accounting Technician category! There were entry and qualifier levels to get through, before the final took place in November.

For their final task, our teams were given 4.5 hours to prepare a plan and presentation, based on a zero-waste grocery shop, before presenting to a judging panel which consisted of two representatives from Kaplan and another from the ICAEW.

They all thoroughly enjoyed the experience, have grown in confidence and learnt invaluable skills in the process to take forward into their careers. We are very proud!



The Exeter College Apprentice and Employer Awards



The team at the inaugural Notty Awards



Winners! Our World Skills UK gold medal team



The Simpkins Edwards team at the World Skills UK Finals in Manchester

2023: A YEAR OF... VOLUNTEERING

Each year, every employee takes a day off to volunteer their time. We arrange a number of different opportunities throughout the Summer and this year we did some amazing things! Including:

- Clearing invasive Himalayan Balsam from the River Tale, to aid with regeneration of native plant species and preservation of wildlife habitats.
- Painting and decorating at Bovey Tracey Primary School, giving Reception a new classroom for the new school year.
- Gardening at the Calvert Trust on Exmoor, giving residents and visitors a clean and pretty outside space to spend time in.
- Painting and Gardening at Holsworthy Football Club, all ready for the new football season, for players and supporters to enjoy.
- A beach clean at Exmouth Beach, which resulted in some interesting finds... including a full swimsuit and a set of false teeth!



If you know of an organisation that might want our help in 2024, please do get in touch and let us know.





Partner James Welton was the host with the most for the evening!



Our 25 teams enjoyed a fantastic evening of quizzing.



James presenting Mayor Louisa York with the money raised.



The winning team with their well-deserved trophy!

THE REALLY BIG QUIZ

SimpkinsEdwards

We were delighted to host our famous Really Big Quiz in Barnstaple in November, raising £2,600 for the 2023 Mayor's charities.

Three brilliant charities have been picked by Mayor Louisa York this year; The Veterans Charity, North Devon Hospice and Barnstaple in Bloom. Barnstaple Town Council arranged a bumper raffle which boosted the quiz entry funds, alongside an auction of a pair of generously donated DryRobes and a good old game of 'Heads or Tails'.

As always, the quiz was challenging and varied, and the final position was hotly contested. After a tense tiebreak, the winning team were Scumbag University, who last won the Really Big Quiz almost 10 years ago.

The 2024 Really Big Quiz Barnstaple will take place on Wednesday 20th November – we look forward to seeing you there!

YEAR END CHECKLIST

- Self-assessment tax returns are due for submission by 31st January 2024, with payment also due on this date. If payment is made late interest will be charged by HMRC.
- Make sure your records are ready to be used to compile your accounts, and that your funds are ready to pay your tax bill.
- Be aware that reviewing your affairs before 5th April 2024 gives the best scope for tax efficiency.



HAVE YOU USED UP/CONSIDERED YOUR ALLOWANCES FOR THE CURRENT TAX YEAR?

- Consider a pension contribution into a private pension to extend your basic rate band for the current tax year 2023/24
- For inheritance tax purposes, have you used your annual gift exemption of £3,000?
- Take advantage of 23/24 ISA allowance
- Would marriage allowance transfer be beneficial to maximise a spouse's personal allowance that's unused?

Tax planning is often time sensitive. To ensure you can claim all tax reliefs and allowances to which you are entitled, it is best to seek advice as early as possible.

You can contact us for assistance on info@simpkinedwards.co.uk

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