

31 January 2022

BUSINESS NEWS ENGLAND

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!

Personal tax planning ahead of April 2022

The costs of keeping the country running through covid were huge and inflation is expected to add to the country's debt. The Office for Budget Responsibility has indicated that the treasury will need to find £45bn in interest, before even thinking about paying off the debt itself. As taxpayers we will be providing the extra cash!



From April, the Chancellor is not directly increasing the rates of income tax we pay, he is freezing the thresholds at which basic and higher rates of income tax are paid from April 2022 to April 2026, effectively increasing the amount we actually pay as inflation pushes up earnings.

There will also be an additional 1.25% contribution added to both employee and employer National Insurance from April and a similar additional charge on dividends. This is referred to as the Health and Social Care Levy. From April 2023 it will be extended to employees above the state pension age.

The changes will not end there. The Treasury has issued a raft of consultations which could all mean extra costs.

There will be greater scrutiny if you are self-employed, or if you become a new landlord, with the onus on you to report your new venture even before it turns a taxable profit.

There could also be increasing pressure for 'timely payment' or in other words, collecting tax sooner. This is still just a consultation at this stage, but the government is understandably keen to raise funds quickly.

These changes mean that it will be more important than ever to ensure that you are not paying too much tax – and there are two key areas to look at:

Are you claiming all your allowances?

Tax is complicated, and we may tend to simply rely on HMRC to tell us what we owe them. The fact is that they are only human and HMRC does make mistakes. In particular, they may have forgotten an allowance or two, particularly if your income has fluctuated over the past few months.

It can be well worth looking at your tax return. If you do find errors, there is a relatively simple way to query them. HMRC has a well-developed and surprisingly efficient appeals system which you can find here: <https://www.gov.uk/tax-appeals/decision>

Can you reduce your tax liabilities?

If you find that your current assessment is right, it might be time to take a more proactive approach to reducing your tax.

It could be time to:

- Maximise your pension contributions to make full use of tax relief
- Get a detailed pension forecast – to see the effect changes will have
- Make full use of your ISA entitlements
- Look at your investment portfolio and (if practicable) ensure you take advantage of the full £12,300 CGT allowance before 5 April 2022
- For Shareholder/directors, consider the timing of bonuses and dividends to mitigate the planned 1.25% rate increase
- Look at Salary sacrifice arrangements which can be particularly effective in mitigating income tax and national insurance contributions

These steps are all entirely legitimate, but the rules and regulations are complicated. Getting expert help may be vital. Please contact us about planning for the April tax changes. We can provide a full tax review which will help identify the marginal tax traps waiting for you – and help you to avoid them.

HMRC guidance on VAT place of supply of services

HMRC have recently updated their internal VAT manual to clarify the “place of supply” rules for services. This is one of the most complex areas of VAT legislation and of course the rules changed significantly since the UK left the EU.



The country where a supply is deemed to be made is called the ‘place of supply’ and is the place where it is liable to VAT, if any. These rules are necessary to ensure that VAT, where payable, is paid only in the correct country and to avoid the possibility of supplies being taxed more than once or not at all.

Although there are numerous exceptions depending on the nature of the services, the general rule is that services supplied between businesses (B2B) are taxable where the customer belongs. If the supplier and customer belong in the UK then the UK supplier accounts for VAT on his supply. However, where the supplier is in the UK and the customer is outside the UK the supply will be outside the scope of UK VAT.

Where the supply is to a non-business customer (B2C), the general rule is that the place of supply is the place where the supplier belongs.

Where the place of supply of a service is in an EU member state, that supply is outside the scope of UK VAT and is liable to the VAT rules in that member state and in no other country. If the place of supply of a service is outside the UK and EU, that supply is described as outside the scope of VAT altogether.

It is important to establish whether a supply of services is made to a relevant business person (B2B) or non-business customer (B2C). A person is a relevant business person in relation to a supply of services if:

- (a) the person carries on a business, and
- (b) the services are not received by the person wholly for private purposes.

For the updated internal HMRC guidance see: <https://www.gov.uk/hmrc-internal-manuals/vat-place-of-supply-services>

Note that the simplified guidance on the HMRC website has not been updated since December 2020:

<https://www.gov.uk/guidance/vat-how-to-work-out-your-place-of-supply-of-services>

Rising Caseloads, A Disrupted Recovery, and Higher Inflation

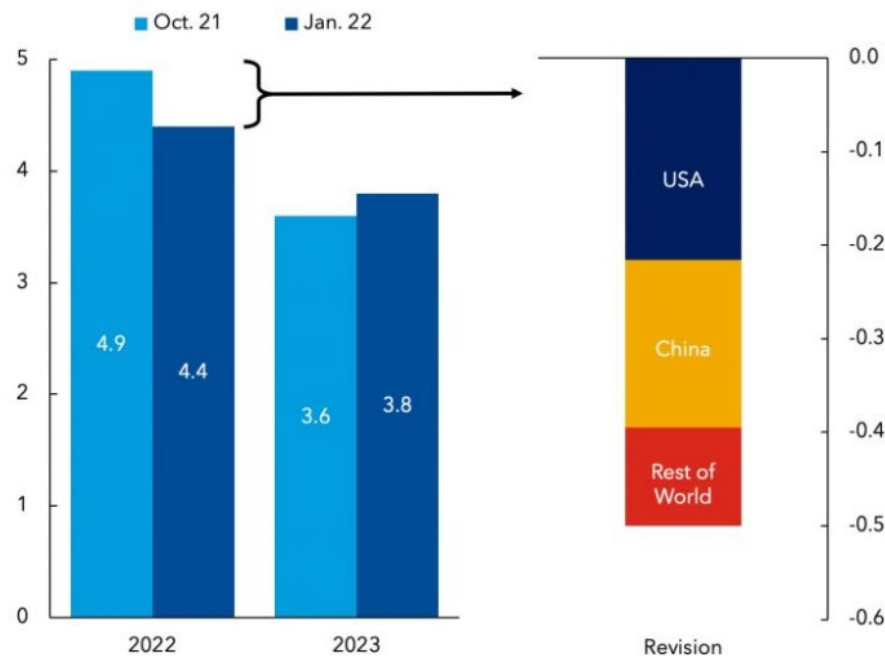
The International Monetary Fund (IMF) world economic outlook update for January 2022 shows us in a weaker position than previously expected. As the new Omicron COVID-19 variant spreads, countries have reimposed mobility restrictions. Rising energy prices and supply disruptions have resulted in higher and more broad-based inflation than anticipated, notably in the United States and many emerging market and developing economies. The ongoing retrenchment of China’s real estate sector and slower-than-expected recovery of private consumption also have limited growth prospects.

Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies of China and the United States.

Global growth is expected to slow to 3.8 percent in 2023. Although this is 0.2 percentage point higher than in the previous forecast, the upgrade largely reflects a mechanical pickup after current drags on growth dissipate in the second half of 2022. The forecast is conditional on adverse health outcomes declining to low levels in most countries by end-2022, assuming vaccination rates improve worldwide, and therapies become more effective.

A disrupted global recovery

Global real GDP growth has been revised down for 2022.
(percentage points)



Source: IMF, World Economic Outlook; and IMF staff calculations.
Note: Revision shows the difference between projections for 2022 global GDP growth in the Jan 2022 WEO Update and Oct 2021 WEO. The negative number indicates that growth has been revised down.

The UK economy will grow more slowly than expected this year as it recovers from the Covid pandemic, the IMF has said. The forecast for UK growth in 2022 has been cut to 4.7% from 5% in the IMF's latest world economic outlook. However, this will be the fastest in the G7 industrialised nations, as it was last year. It partly reflects a rebound from sharp falls the UK suffered during initial pandemic lockdowns two years ago.

Please talk to us about scenario planning and looking at a range of options – we have considerable experience in helping businesses plan ahead.

See: [A Disrupted Global Recovery – IMF Blog](#)

Mandatory digital waste tracking

The Department for Environment Food & Rural Affairs has revealed plans to transform the waste industry in the UK, making it easier to crack down on illegal exports and on waste crime.

The government is consulting on a digital waste tracking service.

The tracking service would make it mandatory for those handling waste to record information about what happens to it, from the point it is produced to the point it is reused, recycled, or disposed.

The consultation closes on 15 April 2022.

See: [Introduction of mandatory digital waste tracking - Defra - Citizen Space](#)

Health and safety Executive (HSE) urge businesses to ensure they have the right workplace facilities

HSE remind employers that they must provide the right facilities for everyone in their workplace, including people with disabilities.

You must have:

- welfare facilities – the right number of toilets and washbasins, drinking water and having somewhere to rest and eat meals
- a healthy working environment – a clean workplace with a reasonable working temperature, good ventilation, suitable lighting and the right amount of space and seating
- a safe workplace – well-maintained equipment, with no obstructions in floors and traffic routes, and windows that can be easily opened and cleaned

See: [Have the right workplace facilities - Overview - HSE](#)

Next phase of HS2 to be laid in Parliament

The government is to lay a bill in parliament to extend HS2 from Crewe up to Manchester and beyond. This is a new phase of the £96 billion commitment in the Integrated Rail Plan to deliver faster and better journeys across the North. New High Speed stations will also be built at Manchester Piccadilly and Manchester Airport, making way for new lines to Leeds and Liverpool, as part of Northern Powerhouse Rail.

If approved, the High Speed Rail (Crewe to Manchester) Bill will allow HS2 to continue its journey from Crewe to Manchester, creating a new transport spine across the North with more capacity, improved reliability and a reduction in journey times.

This includes cutting travel from London to Manchester by around 55 minutes and Birmingham to Manchester by up to 45 minutes.

The government estimates the project will bring 17,500 jobs supporting the construction of the Crewe to Manchester leg and further jobs in the supply chain expected to follow. This includes skilled permanent jobs, including in rolling stock depots to be established north of Crewe, as well as in Dumfries and Galloway.

See: [North West on track to benefit from faster and more reliable train journeys as bill for next phase of HS2 to be laid in Parliament - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/north-west-on-track-to-benefit-from-faster-and-more-reliable-train-journeys-as-bill-for-next-phase-of-hs2-to-be-laid-in-parliament)

COP President Alok Sharma outlines Presidency aims for the coming year

Mr Sharma's speech at Chatham House commented on the commitments made in Glasgow and urged world leaders to match the powerful rhetoric we heard with concrete action, honour the promises made in Glasgow and not to allow our success to wither on the vine.

He stated that unless the commitments made are turned into action this year, the chances of keeping global temperatures in check will be lost.

Mr Sharma outlined four key priorities for this year, the first of which involves getting countries to increase their actions on cutting carbon. He would be concentrating on getting the richer G20 group of nations to do more.

See: [COP President Alok Sharma outlines Presidency aims for the coming year - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/cop-president-alok-sharma-outlines-presidency-aims-for-the-coming-year)

Spherical Tokamak for Energy Production (STEP) closer to naming site of first fusion energy power plant

The UK Atomic Energy Authority (UKAEA) STEP programme will play a key role in fusion energy of the future and create thousands of highly skilled jobs. The location of the prototype fusion energy power plant is to be confirmed later this year; community engagement events will run until Feb 10.

Fusion energy is crucial in addressing climate change through a safe, efficient and low-carbon energy supply and residents and other local stakeholders from the shortlisted regions

across the UK are invited to provide feedback on new proposals for a prototype fusion energy power plant, which may be built in their area. A series of virtual community forum events will take place online in each of the five selected regions from January 26 to February 10.

See: [STEP closer to naming site of first fusion energy power plant - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/step-closer-to-naming-site-of-first-fusion-energy-power-plant)

Floating offshore wind fund announced

More than £31 million of UK government funding, matched by more than £30 million of industry funding for the development of innovative floating offshore wind technologies has been announced by the UK government.

Floating offshore wind projects will receive the public and private investment to develop new technologies that will enable turbines to be located in the windiest parts around the UK's coastline.

Research will focus on areas such as how turbines are moored to the seabed, undersea cabling and developing foundation solutions.

The UK government has announced 11 successful projects that will each be awarded up to £10 million as it puts forward a boost to the amount of clean renewable energy generated in the country. The aim is to drive green energy investment in specific parts of the country including in Aberdeen, Swansea and Yorkshire.

See: [£60 million boost for floating offshore wind - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/60-million-boost-for-floating-offshore-wind)

Travel to England from another country during coronavirus (COVID-19)

If you arrive in England after 4am, 11 February, the following rules will apply.

Fully vaccinated – from 11 February

If you qualify as fully vaccinated for travel to England, you:

- will not need to take a COVID-19 test before you travel to England or after you arrive
- will not need to quarantine when you arrive

[Check if you can follow the rules for people who are fully vaccinated](#) – includes people aged 17 and under.

Not fully vaccinated – from 11 February

If you do not qualify as fully vaccinated for travel to England, you will need to:

- show proof of a negative COVID-19 test – to be taken in the 2 days before you travel to England
- [book and pay for a COVID-19 PCR test](#) – to be taken after you arrive in England

You will need to book the PCR test before you travel.

You will not need to quarantine unless the result of the PCR test is positive.

Passenger locator form

You will still need to [complete a passenger locator form](#) before you travel to England, whether you qualify as fully vaccinated or not.

See: [Travel to England from another country during coronavirus \(COVID-19\)](#)

New drive to promote woodland creation grants for landowners

A new drive to encourage farmers and landowners across England to plant and manage more trees has been launched.

Woodland creation offers a profitable way for farmers and landowners to boost their business as well as deliver environmental benefits, alongside food production. The Forestry Commission and Defra are drawing attention to the attractive grant schemes and free specialist advice available through a new campaign.

The grant schemes will help land managers diversify their business, with the potential to receive a grant of over £10,000 for every hectare of new woodland created. Woodland creation is one of the options that farmers will have as part of England's new agriculture policy which is being designed in partnership with industry, and which will reward them for the wide range of environmental outcomes they help to deliver alongside being our primary food producers.

The drive follows publication of the England Trees Action Plan last year which committed to treble tree planting rates by the end of this Parliament – to at least 7,000 hectares of trees per year in England. This equates to just 0.08% of the 9.3 million hectares of farmland in England changing to woodland each year by the end of that period.

See: [New drive to promote woodland creation grants for landowners - GOV.UK \(www.gov.uk\)](#)

England returns to Plan A as regulations on face coverings and COVID Passes change

England has returned to Plan A measures following the success of the vaccination programme and falling Omicron infections.

Plan B measures were initially introduced on 8 December 2021 to slow the spread of the Omicron variant and buy time for scientists to better understand it and get more jabs in arms. The Get Boosted Now appeal was launched, bringing the date for all adults to be offered a booster to the New Year.

This target was reached, and over 37 million boosters have now been administered. The vaccination programme has succeeded in reducing the risk of severe infection and

hospitalisations, easing pressure on the NHS. Hospital admissions have now stabilised and the number of people in intensive care units with COVID-19 continues to fall.

As of 27 January, the lifting of Plan B means:

- mandatory COVID-19 certification will end, but venues may choose to use the NHS COVID Pass voluntarily;
- face coverings will not be required by law in indoor venues;
- local directors of public health are still able to recommend face coverings in communal areas only in education settings within their area, but only where the department and public health experts judge the measures to be proportionate - this is a temporary measure;
- infection prevention control guidance continues to require face coverings be worn in health and care settings, including primary care and pharmacies;
- it is suggested that people wear face coverings in crowded and enclosed spaces where they might come into contact with people they do not normally meet; and
- it is still a legal requirement for those with COVID-19 to self-isolate for 10 days with the option to end self-isolation after 5 full days following two negative LFD tests.

See: [England returns to Plan A as regulations on face coverings and COVID Passes change today - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/england-returns-to-plan-a-as-regulations-on-face-coverings-and-covid-passes-change-today)