Written 4 April 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!

New tax year ahead

Employers running payroll need to report to HM Revenue and Customs (HMRC) on the previous tax year (which ends on 5 April), give their employees a P60 and prepare for the new tax year, which starts on 6 April.

HMRC have published important information for employers on gov.uk, which includes:

- help finishing the tax year 2021 to 2022;
- help starting the new tax year 2022 to 2023, by using their form P9X (2022) to find out which tax codes to change from 6 April 2022;
- information on the rates, limits and changes for 2022 to 2023 (and this includes the increase in National Insurance rates for the 1.25% Health and Social Care Levy); and
- their Employer Bulletin from February 2022 – this edition contains information about sending in the final payroll submission for the tax year 2021 to 2022.

Making Tax Digital (MTD) is now mandatory for VAT-registered businesses

MTD became mandatory for all VAT registered businesses on the 1 April 2022.

The government states that MTD helps taxpayers
get their tax returns right by reducing common mistakes as well as saving time managing their tax affairs and is a key part of the overall digitalisation of UK tax.

Evidence shows MTD is succeeding in its central aims of reducing errors, while also making it faster to prepare and submit returns and boosting productivity for businesses. New research, conducted by HMRC and peer reviewed by independent academics, shows MTD is likely to have generated increased revenue for the Treasury, through reducing errors in both 2019 and 2020.

Nearly 1.6 million taxpayers had joined MTD for VAT as of December 2021 with more than 11 million returns successfully submitted.

VAT-registered businesses that have not yet signed up to MTD for VAT should do so now. All VAT-registered businesses must use MTD for VAT for their first VAT return period that starts on or after 1 April 2022. For any business concerned about this, we can help to choose the software that is right for you, whether that is one of the simple free options available, or a more advanced product for those with more complex affairs.

Please contact us about MTD – we are here to help!

Changes to VAT rates from 1 April 2022

Many in the hospitality sector were hoping that the Chancellor would extend the 12.5% reduced rate that has applied since 1 October 2021 but, as scheduled, the rate has reverted to 20% from 1 April 2022.

The increase will apply to hospitality, visitor attractions and catering services including restaurants and takeaways.

This has a consequential effect on the VAT Flat Rate Scheme percentages from 1 April 2022 as set out below:

Type of Business	Before 15 July 2020 and from 1 April 2022	15 July 2020 to 30 September 2021	1 October 2021 to 31 March 2022
Catering services including restaurants and takeaways	12.5%	4.5%	8.5%
Hotel or accommodation	10.5%	0%	5.5%
Pubs	6.5%	1%	4%

Affected businesses should ensure that their pricing policies and internal systems and processes are updated for the 1 April 2022 change in VAT rate. Please talk to us if you need any assistance with your VAT affairs.

HMRC are closing CHIEF and moving to a new single customs platform

Over the past few years, HMRC have been working with businesses on the Customs Declaration Service, a replacement for the Customs Handling of Import and Export Freight (CHIEF) system, which is now nearly 30 years old.

Last year, HMRC announced the UK will move all customs declarations from CHIEF onto the Customs Declaration Service. They are now ready for declarants to start moving to the new system, and below are more details to help affected businesses (and their agents where relevant) prepare. The CHIEF system will close in two phases:

Phase one - after 30 September 2022: the ability to make import declarations will end.

Phase two - after 31 March 2023: the ability to make export declarations will end.

The Customs Declaration Service will serve as the UK's single customs platform, with all businesses needing to declare all imported and exported goods through the Customs Declaration Service after 31 March 2023.

HMRC have sent a letter to 242,000 traders who need to start preparing for the change.

See the letter here: HMRC calls on businesses to get ready to move to customs IT platform over the summer - GOV.UK (www.gov.uk)

Preparing for the Customs Declaration Service: Preparing for the Customs Declaration Service - GOV.UK (www.gov.uk)

Temporary insolvency measures are ending

The remaining temporary insolvency measures are being lifted and the insolvency regime is returning to its pre-pandemic operation.

The Corporate Insolvency and Governance Act 2020 introduced various temporary measures to help protect companies affected by the lockdown restrictions during the pandemic.

Most of these measures expired at the end of June and September 2021, except for restrictions on winding up companies, which were extended until 31 March 2022.

This remaining insolvency restriction will not be extended further, allowing the insolvency regime to return to its pre-pandemic operation.

Business leaders are being advised to seek professional insolvency advice to protect their business.

See: April 2022: temporary insolvency measures are ending - GOV.UK (www.gov.uk)

Live Events Reinsurance Scheme

The Live Events Reinsurance Scheme will support live events across the country (such as music festivals, conferences and business events) that are at risk of being halted or delayed due to an inability to obtain COVID-19 cancellation insurance. Cover will be available to purchase alongside standard commercial events insurance for an additional premium.

The full scheme rules, as published by the Department for Digital, Culture, Media & Sport (DCMS), can be found on the webpage below.

The Scheme will run to 30 September 2022.
Cover will be available to purchase through participating insurers. A number of prominent insurers in the Lloyd's market, including Arch, Beazley, Dale, Ark and Munich Re are supporting the scheme, and more are expected to follow. Event organisers can now start approaching these insurers to discuss their cover.

See: Live Events Reinsurance Scheme - GOV.UK (www.gov.uk)

Office for Product Safety & Standards (OPSS) - new guide for bringing safe products to market

In recent months OPSS has been working with consumers and businesses to support the development of a Code of Practice that will help businesses understand their responsibilities to supply safe products to consumers.

The UK National Standards Body, the British Standards Institution (BSI) has been sponsored by OPSS to publish a Code of Practice to support businesses with bringing products to market safely. PAS 7050:2022, Bringing safe products to market, published on 25 March 2022, helps businesses meet their obligations under products safety law that requires new and used consumer products placed on the market to be safe.

See: OPSS supports new guide for bringing safe products to market - GOV.UK (www.gov.uk)

£1.2 billion share sale sees Government stake in NatWest Group reduced to below 50% for the first time since the financial crisis

For the first time since the financial crisis, NatWest Group plc (formerly Royal Bank of Scotland Group plc) is no longer under majority public ownership following a £1.2 billion sale of part of the government's shareholding back to NatWest.

This is the government's fifth sale of its NatWest shareholding bringing its level of ownership down from 50.6% to 48.1%. This is a landmark in the government's plan to return to private ownership the institutions brought into public ownership as a result of the 2007-2008 financial crisis.

The Economic Secretary to the Treasury authorised the sale of approximately 550 million shares in NatWest at 220.5p per share raising a total of £1.2 billion. The shares were bought back by NatWest and the process was managed by UK Government Investments.

See: Landmark £1.2 billion share sale sees Government stake in NatWest Group reduced to below 50% for first time since financial crisis - GOV.UK (www.gov.uk)

UK entrepreneurs given cash boost to help drive greater clean energy independence

Energy entrepreneurs driving forward innovative ways of cutting the UK's reliance on expensive fossil fuels have the chance to make their plans and ideas a reality, thanks to £10 million in government funding.

The ninth round of the Energy Entrepreneurs Fund (EEF), which seeks to promote new clean technologies across all sectors of the UK economy, is opening for applications as the government drives forward plans to secure greater clean energy independence in the UK.

This includes innovations to boost energy efficiency in people's homes and develop green transport - as well as sourcing cleaner ways to generate power and heat in the UK.

Funding is expected to support between 15 and 20 projects across the country. Successful projects could create hundreds of green jobs and kickstart millions-of-pounds-worth of private sector investment across the UK.

See: UK entrepreneurs given cash boost to help drive greater clean energy independence - GOV.UK (www.gov.uk)

UK FinTech Week 2022

UK FinTech Week runs across the UK from 4 April to 8 April 2022 and will showcase innovation in financial services on a global stage.

UK Fin Tech Week is returning as a brand new hybrid concept and we can expect five days of important content delivered by some of the biggest names in finance, government and tech.

FinTech founders, bank ex-cos, technologists, entrepreneurs, investors, regulators, policy-makers, politicians, academics and media from around the world will come together to learn, discuss, debate and network.

For further information visit UK FinTech Week 2022 - Innovate Finance – The Voice of Global FinTech

Consultation on developing the UK Emissions Trading Scheme

The UK Emissions Trading Scheme (ETS) Authority – made up of the UK government, Scottish Government, Welsh Government and the Department of Agriculture, Environment and Rural Affairs (DAERA) in Northern Ireland – is seeking stakeholder views on proposals to develop the UK ETS which operates across England, Scotland, Wales and Northern Ireland.

This consultation is open to all, but it will be of particular interest to:

- individual companies and representatives of industrial, power and aviation sectors with obligations under the UK ETS
- environmental groups

- individual companies and representatives
  of maritime, waste, greenhouse gas removals and agricultural sectors

Note, this consultation does not apply to NI electricity generators who participate in the EU ETS by virtue of the Ireland / Northern Ireland Protocol.

See: Developing the UK Emissions Trading Scheme (UK ETS) - GOV.UK (www.gov.uk)

Consultation: Subsidy Control Bill

The Department for Business, Energy & Industrial Strategy (BEIS) is seeking views on proposed regulations under the Subsidy Control Bill. The Bill provides the framework for a new, UK-wide subsidy control regime.

This regime will enable public authorities, including devolved administrations and local authorities, to deliver subsidies that are tailored and bespoke for local needs to deliver government priorities such as levelling up and achieving net zero carbon, as well as supporting the economy's recovery from COVID-19.

It is crucial that the new subsidy control regime can identify subsidies and schemes that have the potential to cause negative effects on competition or investment within the UK or in relation to the UK's international trade, so that these can be subjected to additional scrutiny and review.

To achieve this, the Bill provides for two distinct categories of subsidy or subsidy scheme that could potentially have a distortive effect:

- Subsidies or Schemes of Interest (SSoI)
- Subsidies or Schemes of Particular Interest (SSoPI)

BEIS intend to develop criteria that are clear and easy for public authorities to interpret and apply.

See: Consultation on subsidies and schemes of interest and of particular interest (publishing.service.gov.uk)

Energy Entrepreneurs Fund phase 9

The Department for Business, Energy & Industrial Strategy (BEIS) has launched phase 9 of the Energy Entrepreneurs Fund (EEF9) supporting the development of technologies, products and processes to reduce greenhouse gas emissions and security of supply.

The competitive funding scheme supports the development and demonstration of state of the art technologies, products and processes in the areas of energy efficiency, power generation, heat generation, energy storage, reducing greenhouse gas emissions and security of supply.

The scheme seeks the best ideas, irrespective of source, in these areas from the public and private sector. In particular it aims to assist small and medium sized enterprises, including start-ups.

Successful applicants will receive Acceleration Support alongside their grant to help them progress towards commercialisation.

Up to £10 million in grant funding is available in EEF9. Of this, £1 million has been allocated to projects based in Cornwall, to reflect the important part played by Cornwall in the 2021 G7 and aiming to create a positive legacy.

See: Apply for the Energy Entrepreneurs Fund: phase 9 - GOV.UK (www.gov.uk)

New law to resolve remaining COVID-19 commercial rent debts now in place

A new law is now in place to help resolve certain remaining commercial rent debts accrued because of the pandemic. The 'Commercial Rent (Coronavirus) Act 2022' received Royal Assent last week. This means that a legally binding arbitration process will be available for eligible commercial landlords and tenants who have not already reached an agreement. This will resolve disputes about certain pandemic-related rent debt and help the market return to normal as quickly as possible.

The law applies to commercial rent debts of businesses including pubs, gyms and restaurants which were mandated to close, in full or in part, from March 2020 until the date restrictions ended for their sector. Debts accrued at other times will not be in scope.

The law came into force last week in England and Wales.

See: New law to resolve remaining COVID-19 commercial rent debts now in place - GOV.UK (www.gov.uk)