

31 January 2022

## BUSINESS NEWS SCOTLAND

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.

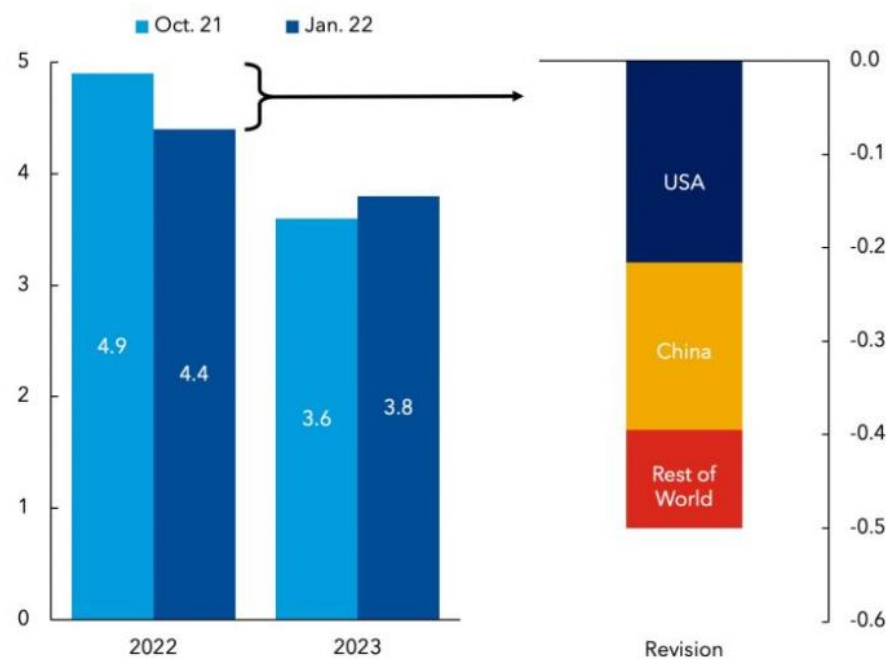
Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022—half a percentage point lower for 2022 than in the October World Economic Outlook (WEO), largely reflecting forecast markdowns in the two largest economies of China and the United States.

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](#)

### **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)

## **Commercial Properties Midlothian**

To find a commercial property for your business in Midlothian, consider contacting the Midlothian Council Properties Team who are involved in the acquisition, letting and disposal of a wide range of commercial properties.

Specialist sectors include office, industrial and warehouse premises, retail spaces, land, and both investment and development opportunities.

Midlothian Council currently manage a mixed portfolio of properties including multi-let offices, industrial estates and single occupier properties.

See: [Commercial Property - Locate in Midlothian Locate in Midlothian](#)

## **Regulatory support for businesses in Midlothian**

Midlothian businesses can now access the Business Regulatory Support Service (BRSS) through the Business Gateway Midlothian service. This service provides businesses with a single point of contact for advice on regulations, from food safety and licensing to planning and building standards.

The BRSS includes access to and support from the following council services:

- Environmental Health
- Trading Standards
- Licensing
- Building Standards
- Planning
- Business Gateway/Economic Development

The aim of the service is to:

- provide reliable, transparent advice to help businesses comply with regulations
- provide advice appropriate to each businesses circumstances
- provide clear advice that can be easily understood and implemented
- distinguish legal requirements from suggested good practice
- ensure that any verbal advice a business receives is confirmed in writing

See: [Regulatory Support - Locate in Midlothian Locate in Midlothian](#)

## **International travel restrictions eased**

Following agreement at a cross-UK meeting last week, testing requirements for fully vaccinated people arriving in Scotland are to be dropped and further work will be done on a new surveillance system to monitor the border.

Testing will no longer be a requirement for all adults who have completed a full course of an approved vaccine, usually at least two doses. Children under the age of 18 continue to be treated as fully vaccinated.

Travellers will still need to fill in passenger locator forms and face coverings will still be required at Scottish airports in line with wider health advice.

Non vaccinated travellers will still be required to take pre-departure tests and a PCR test on or before day two – but the requirement for isolation will end – and they will no longer have to take a day eight test.

The measures were agreed by the Scottish Government following engagement with all four nations and will protect the travel and tourism sectors north of the border.

The new measures come into effect on 11 February.

See: [International travel restrictions eased - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/international-travel-restrictions-eased/)

## **Funding for sustainable islands**

Projects delivering strong community climate themes across some of Scotland's islands will receive a share of almost £600,000 to support sustainability and provide more green travel options.

The projects are delivered through the Scottish Government's Island Communities Fund, which provides investment for community-led projects that support employment, community resilience and contribute to Scotland's just transition to net zero and climate resilient living on islands.

This second payment tranche will see funding provided to six additional projects. A second instalment of funding will also be provided to one of the projects awarded money in the first tranche.

The Fund is managed by Inspiring Scotland on behalf of the Scottish Government and the 35 successful projects span across 55 islands.

See: [Funding for sustainable islands - gov.scot \(www.gov.scot\)](https://www.gov.scot/news/funding-for-sustainable-islands/)

## **Changes to working from home advice**

Businesses can resume hybrid working from Monday 31 January, enabling more people to have a flexible return to working between home and the office.



Due to the continued decline in Covid case rates and the progressing easing of protective measures, businesses can implement a return that offers staff more flexibility while ensuring steps are taken to mitigate the potential spread of Covid.

Eligible businesses in the hospitality, leisure, culture and tourism sectors that were impacted by the necessary public health measures introduced to stop the spread of Omicron, are now receiving grant payments. The Scottish Government is working at pace with local authorities and other delivery partners to ensure business support funding is paid to all eligible businesses as quickly as possible.

See: [Changes to working from home advice - gov.scot \(www.gov.scot\)](https://www.gov.scot/resources/documents/2022/04/Changes-to-working-from-home-advice-2022-04-20.pdf)