

Written 11 April 2022

## **BUSINESS NEWS WALES**

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!

### **Business resilience in these tough times**

Millions of households are facing a rise in energy costs, alongside increases in the cost of council tax, water bills and other utilities and there is a warning of fresh energy bill price rises in October. Energy prices have been affected by the Ukraine war and pressure on suppliers. There are continuing delays and shortages on a wide range of goods businesses need to function properly. In addition, the National Insurance rise is now hitting pay packets, an additional cost to both employers and employees.

Is it all doom and gloom or can you plan forward and make adjustments in and to your business to factor in these changes?



Our experience is that business owners are a resilient group and those that are the most successful are also flexible in their planning. Here are some of our recommended actions, based on what we have seen other clients doing recently to firm up their resilience to these tough times:

- Review your budgets and set realistic and achievable targets for the remainder of 2022 and know your cash flow forecast inside out.
- Get your team involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.

- Get rid of 'won't pay' customers.
- Review your debtors list and chase up overdue invoices (if appropriate). If applicable, offer existing debtors extended payment terms and/or discounts.
- Make sure your terms of business contain explicit payment terms.
- Assign responsibility to one individual for invoicing and collections.
- Put extra effort into making sure your relationships with your better customers are solid.
- Review your list of products and services and **eliminate** those that are unprofitable or not core products/services.
- If possible, agree extended payment terms with suppliers in advance.
- If appropriate, review banking facilities and discuss future needs.
- Don't ignore debt. Ask for help if you are struggling.
- Know what you are spending and on what. Look at your detailed expense list in your profit and loss account and assess if there is room for negotiation in any of your fixed expenses and/or whether there are alternative suppliers.
- Look at your expenses and see if you can make small cut backs in lots of areas. Use 'bottom up' budgeting where everyone in the office gives input on areas over which they have control – target a 10% cost saving.
- Review and flowchart the main processes in your business (e.g. sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
- Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).
- Review your staffing needs over the next few months.
- Establish your key performance indicators (KPI's) and measure them on a weekly basis.
- Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.
- Pull everyone together and explain the business strategy and get their buy-in.

Please talk to us about planning ahead because we have considerable experience with helping our clients with their strategy and sustainability in turbulent times.

## **Giving Shares to Employees**

Where companies give shares to employees in the company or group that they work for they will generally be taxed on the difference between the market value of those shares and the amount paid, if any. The transaction also needs to be reported to HMRC by 7 July following the end of the tax year. HMRC provide a template to enable employers to report the transaction online:

See: [Other ERS schemes and arrangements: end of year return template, technical note and guidance notes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/other-ers-schemes-and-arrangements-end-of-year-return-template-technical-note-and-guidance-notes)

Considerations around whether employers need to operate PAYE and whether national insurance contributions are payable depends upon whether the shares are 'readily convertible assets'. Broadly this would be where there are trading arrangements in place to quickly sell the shares.

It is generally more tax efficient for the employee if the company awards them shares under a tax-advantaged share incentive scheme such as under the Enterprise Management Incentive (EMI) scheme or a Share Incentive Plan (SIP).

Contact us if you would like more information about these schemes.

### Corporation Tax relief for Employee Share Acquisitions

Provided certain conditions are satisfied, the employing company will obtain a corporation tax deduction when employees acquire shares in the company or group that they work for, whether they acquire the shares directly or under a share option agreement. The amount of the deduction is the difference between the market value of the shares and the amount paid by the employee and will often mirror the amount taxed on the employee. This is a statutory deduction and will be available irrespective of whether there is a deduction for the transaction in the company's profit and loss account.

### Tax Relief when Share Options are granted

A recent case before the Supreme Court (*HMRC v RCL Investments Ltd and Ors (2022) UKSC 9*) has determined that where a company is accounting for share-based payments in accordance with International Financial Reporting Standard 2 (IFRS 2) then it is possible to obtain a corporation tax deduction based on the market value of shares when share options are granted to employees. In the case heard, there was a complex arrangement involving payments to an Employee Benefit Trust (EBT) that acquired shares on behalf of employees. The Supreme Court determined that the grant of options by the EBT trustee to the companies' employees triggered an obligation on the companies to recognise an expense in their income statements equal to the fair value of the options that the EBT trustee had granted. This amount would not necessarily be recognised immediately but could be spread over a number of accounting periods.

Awarding shares to employees is a complex area so please contact us before you consider such arrangements.

## **HMRC have published an updated factsheet for employers regarding employment status**

In conjunction with the start of the new tax year, HMRC have published an updated factsheet to assist employers in determining the employment status of their workers. The factsheet

recommends the use of the 'Check Employment Status for Tax' (CEST) diagnostic tool on the HMRC website but that is not obligatory.

See: [Employment status factsheet \(ES/FS2\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103122/employment-status-factsheet-2018-19.pdf)

There is also a factsheet aimed at workers: [Employment status factsheet \(ES/FS1\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/103122/employment-status-factsheet-2018-19.pdf)

### **Net Zero Technology Centre innovation funding**

The Net Zero Technology Centre has launched the first of two open funding windows for 2022.

Businesses from across the globe can apply for a share of £7 million available in the first funding window, with a maximum of £1 million to be awarded to each successful project.

The projects must support the transition towards net zero with an obligation of trialling and deploying technology within the UK continental shelf. As well as funding, the projects will also gain access to data facilities and technical expertise from industry.

The following technology focus areas have been identified for this funding window:

- carbon capture, utilisation and storage (CCUS)
- hydrogen and clean fuels
- renewables and energy storage
- zero emissions power
- venting and flaring
- integrity management - well integrity
- late life and decommissioning
- integrity management - CUI

Digital and data architecture, smart assets and field automation will be technology focus areas within the £3 million second open innovation programme in October.

See: [Net Zero Technology Centre innovation funding \(nibusinessinfo.co.uk\)](https://www.netzerotechnologycentre.co.uk/news/net-zero-technology-centre-innovation-funding)

### **UK-South Korea collaborative research & development**

Innovate UK, part of UK Research and Innovation, will invest up to £2 million in innovation projects in partnership with the Korea Institute for Advancement of Technology.

The aim of this competition is to fund collaborative research and development (CR&D) projects focused on industrial research. Proposals must include at least one partner from the UK and one partner from South Korea.

The projects that Innovate UK fund will be expected to result in a new product, industrial process or service, be innovative, involve a technological risk and have high market potential in the participating countries.

The projects must focus on one or more of the following sectors:

- advanced manufacturing and materials
- artificial intelligence
- clean energy - specifically battery technologies, hydrogen mobility technologies and future vehicles

UK applicants can apply for a maximum grant of up to £350,000 for each project. UK project partners must carry out the majority of their project work in the UK and intend to exploit the results from or in the UK.

See: [Competition overview - UK-South Korea Collaborative R&D - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://apply-for-innovation-funding.service.gov.uk)

### **Government sets out plan to make the UK a global cryptoasset technology hub**

The government announced last week moves that will see ‘stablecoins’ recognised as a valid form of payment as part of wider plans to make Britain a global hub for cryptoasset technology and investment. In brief:

- Stablecoins are to be brought within regulation, paving their way for use in the UK as a recognised form of payment.
- This is part of a series of measures to make the UK a global hub for cryptoasset technology and investment.
- Measures include legislating for a ‘financial market infrastructure sandbox’ to help firms innovate, an FCA-led ‘CryptoSprint’, working with the Royal Mint on a non-fungible token, and an engagement group to work more closely with industry.



See: [Government sets out plan to make UK a global cryptoasset technology hub - GOV.UK \(www.gov.uk\)](https://www.gov.uk)



## **Kickstart Scheme closure**

Kickstart Scheme applications closed at midday on 17 December 2021.

Employers who applied for a Kickstart Scheme grant before midday on 17 December 2021 should have received a decision on their application. It is recommended that employers contact their local or national Kickstart Scheme contact if they have not received a decision.

Those with successful applications should have signed and returned their grant agreement by 7 January 2022, submitted their vacancies to the Department for Work and Pensions (DWP) by 31 January 2022 and started the young person in the job on or before 31 March 2022.

To help DWP process the funding, they ask that employers tell them as soon as possible or by 30 April 2022 that [the young person has started their job](#).

Employers will get funding for 6 months once the young person has started their job.

See: [Kickstart Scheme closure - GOV.UK \(www.gov.uk\)](#)

## **£13 million for trade unions to deliver learning support and upskill workers**

The Wales Union Learning Fund (WULF) programme and the Wales TUC trade union education programme support trade unions in Wales to develop the essential skills and employability of the workforce, with a particular emphasis on removing barriers for traditional non-learners.

The new phase of the WULF programme will see 18 unions receive funding to provide a range of activities to upskill individuals in the workplace and progress their career aspirations.

This year's WULF Learner Survey showed 52% of respondents reported the programme had led to a pay increase, while 16% reported their learning resulted in a change of job role.

In total, 70% of learners in WULF are women and 22% of those surveyed reported that they have physical, sensory, learning or mental health impairments.

The programme, which has operated for more than twenty years, is supported by Wales TUC.

Projects funded over the next three years include:

- The Sustainable Skills Shop for the Future of Wales project from USDAW (Union of Shop, Distributive and Allied Workers). This will focus on upskilling shop workers with digital skills.
- The Learning Partnership Programme by ASLEF (Associated Society of Locomotive Engineers and Firemen). This will introduce a level 3 apprenticeship standard for train drivers.
- The Full STEAM Ahead project from BECTU (Broadcasting, Entertainment, Communications and Theatre Union). This will support the creative industries in their recovery from the COVID-19 pandemic.

See: [£13 million for trade unions to deliver learning support and upskill workers | GOV.WALES](#)

## **FinTech Awards Wales 2022**

Celebrating the Fintech Professionals of Wales, the Fintech Awards Wales takes place on 16 September 2022 at Tramshed, Cardiff and entries and nominations are now open.

As an emerging tech region, Wales has the fastest growing digital economy outside of London and with solid growth of the financial and professional sector in Wales, the platform is set to support the country's digital revolution.

The FinTech Awards Wales have the following awards in 2022:

- FinTech Start-up of the Year
- FinTech Company of the Year
- FinTech Scale-up of the Year
- FinTech Leader of the Year
- New Product of the Year
- FinTech for Good
- Best Growth Story of the Year
- Best Accelerator / Incubator of the Year
- Best Academic Programme of the Year Supporting FinTech / FS Companies
- Rising FinTech Star
- Best Place To Work

In addition, there will be a FinTech Leader of the Year award that will be chosen by the judges and will recognise an individual that has had a major influence and impact on the FinTech business community.

Entries close at 5pm on 6 May 2022.

See: [FinTech Awards Wales 2022 | Business Wales \(gov.wales\)](#)

## **Post EU-exit border controls and infrastructure at Welsh Ports**

The Welsh Government has published guidance outlining the introduction of border controls posts (BCPs) at Welsh ports.

The guidance provides an overview of the post EU-exit requirements for border checks on goods moving between the European Union (EU) and United Kingdom (UK).

BCPs already exist at UK airports and ports which have been importing from countries outside the EU. This is sometimes referred to as 'Rest of World' trade. The infrastructure to provide these checks must now be developed at ports and airports, which are entry points for goods from just the EU.

The checks performed at BCPs on these goods include documentary, identity and physical checks. They are primarily aimed at safeguarding the UK's biosecurity.

They will also ensure public health and animal welfare by controlling diseases and invasive species.

Wales will develop the infrastructure to carry out these checks at the ports of:

- Holyhead on Anglesey in the north
- Pembroke Dock and Fishguard in the South West

These ports handle movement of goods between the UK and EU.

See: [Post EU-exit border controls and infrastructure | GOV.WALES](#)

## **Welsh Women in Business Awards 2022**

The Welsh Women in Business Awards 2022 is open to any woman running a business here in Wales.

There are 16 categories to reflect the variety of businesses and be as fair and accessible as possible. The organisers stress that size doesn't matter! The Awards are open to a one-woman band or a female founder of a huge company.

The categories are:

- Under 25s
- Fabulous Freelancers
- Online Retailer
- Food & Drink
- Use of the Welsh language
- Health, Fitness and Wellbeing
- Hair and Beauty
- Influencers and Bloggers
- Mum in Business
- Engineering, Science and Technology
- Arts and Crafts
- Photographers and Designers
- New Business (Under 12 months)
- Green Business
- Leisure and Tourism
- High Street Hero

Nominations are open until Sunday, 8 May 2022 at 5pm.

See: [Awards | Llais Cymru](#)



## **Manufacturers now responsible for waste created by their products**

Wales - ranked third in the world for domestic recycling - has joined forces with other UK nations to introduce new 'polluter pays' rules to make businesses which place packaged goods onto the market pay for their waste to be recycled.

But Wales, alongside Scotland, is going one step further by committing to ensuring companies responsible for the most commonly-littered items that scourge streets, communities and the countryside, cover the clean-up costs.

Under the new rules, a standard recycling logo will be required on all packaging to help consumers know what they can put in their recycling bins.

Brand owners, importers, distributors and online marketplaces will be charged according to the amount and type of packaging they place on the market.

Industry will be penalised if their packaging is harder to reuse or recycle or if they fail to hit recycling targets. The fees they pay will be used to fund improved kerbside collections of packaging waste from households.

Payments to local authorities for the handling of packaging waste will begin in 2024.

See: [Landmark rule makes manufacturers responsible for waste created by their products | GOV.WALES](#)