

Written 17 October 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!

A fiscal U-turn without precedent!

Over the last few days, we have seen a gradual dismantling of the mini-budget of Friday 23 September 2022, along with the economic policies that Prime Minister Liz Truss based her leadership campaign on.

On Friday 14th October, Ms Truss announced a change of Chancellor, from Kwasi Kwarteng to Jeremy Hunt. This was swiftly followed by a series of U-turns culminating in Mr Hunt delivering an 'emergency statement' on Monday 17th October. This emergency statement effectively replaces and re-writes the mini-budget.



Designed to ensure the UK's economic stability and provide confidence in the Government's commitment to fiscal discipline, the emergency statement confirmed:

- **Income tax** – the basic rate of income tax will remain at 20% until economic conditions allow for it to be cut. *This had been due to drop to 19% from 6 April 2023.*

It had already been confirmed that the 'additional rates' of income tax for those earning more than £150,000 a year, including the 45% rate on non-savings income, would remain in 2023/24.

- **Income tax on dividends** – will remain at the current rates of 8.75% in the basic rate band, 33.75% in the higher rate band and 39.35% in the additional

rate band. *They had been due to each drop by 1.25 percentage points from 6 April 2023.*

- **Corporation tax** - the increased corporation tax rates, already legislated to come in from 1 April 2023, will go ahead. These will take some companies from a 19% rate of corporation tax to 25% or 26.5%. *It had been proposed that corporation tax would remain at a single 19% rate.*
- **IR35** – the off-payrolling rules, as introduced in 2017 and 2021, will remain into 2023/24 and beyond. This keeps the IR35 compliance burden with medium and large sized employers.
- **Energy Price Guarantee** – the support for households to cap average annual electricity and gas costs at £2,500 will be reviewed in April 2023. *We had been told that households would receive this support until September 2024.*
- **VAT** – a VAT-free shopping scheme for non-UK visitors to Great Britain will no longer be pursued.
- **Alcohol duties** – will not be now frozen from 1 February 2023 and increased duties will apply.

The following mini-budget announcements remain:

- The 1.25% rise in NICs will still be reversed from 6 November and the government will not go ahead with the planned 1.25% levy to fund health and social care next year.
- The annual investment allowance will remain at £1 million from 1 April 2023, rather than reverting to £200,000.
- There are to be more than 40 new “investment zones” in England.
- The increased thresholds for Stamp Duty Land Tax in England and Northern Ireland, as implemented from 23 September, will remain in place.
- The Energy Bill Relief Scheme for Business will continue to be subject to a governmental review after 31 March 2023. The Chancellor has now said that any support for businesses will be targeted to those most affected, and that the new approach will better incentivise energy efficiency.

On 31 October, Mr Hunt will present an update on the government’s medium term fiscal plan, complete with Office for Budget Responsibility forecasts. Further changes to fiscal policy are expected to be announced at this time.

We are clearly in turbulent political and economic times and faced with such uncertainty you may ask yourself “What actions can I take as a business owner?”.

It is a good time to look at your business’s strengths, weaknesses, opportunities and threats and get a clear understanding of its position in the marketplace, the

competition, the systems and the way things are done and the improvements that could be made. Focus on what the business is to look like when it is “complete” or running profitably and successfully. Then you can determine priorities – the big issues that need to be focussed on – then you can make a plan.

It is also a good idea to plan for a range of scenarios “good and bad” so that you can be flexible about the direction your business should take.

Please talk to us about your plans, we can assist with cash flow planning and “what if” scenarios.

Self Assessment: Be alert to potential scams

HMRC is urging their Self Assessment customers to be vigilant of fraudsters and scams asking for personal information or bank details.

Self Assessment customers, who are starting to think about their annual tax returns for the 2021 to 2022 tax year, should guard against being targeted by fraudsters, warns HMRC.

Fraudsters target customers when they know they are more likely to be in contact with HMRC, which is why businesses should be extra vigilant about this activity. There is a risk they could be taken in by scam texts, emails or calls either offering a refund or demanding unpaid tax, thinking that they are genuine HMRC communications referring to their Self Assessment return.

Some customers who have not done a Self Assessment return previously might be tricked into clicking on links in these emails or texts and revealing personal or financial information to criminals.

Criminals claiming to be from HMRC have targeted individuals by email, text and phone with their communications ranging from offering bogus tax rebates to threatening arrest for tax evasion. Contacts like these should sound alarm bells - HMRC would never call threatening arrest.

Anyone contacted by someone claiming to be from HMRC in a way that arouses suspicion is advised to take their time and check the [scams advice](#) from HMRC.

Customers can report any suspicious activity to HMRC. They can forward suspicious texts claiming to be from HMRC to 60599 and emails to phishing@hmrc.gov.uk. Any tax scam phone calls can be reported to HMRC using their [online form](#).

Preparing your business for emergencies

The UK Government has a webpage with guidance to help businesses identify and prepare for the hazards and threats that may disrupt their operations.

Being more prepared and resilient can give a competitive advantage to your business. The actions you take to make your business resilient will depend on your

circumstances and the risks you are comfortable taking. Having assessed these, only you can decide how much time, and possibly money, you want to invest in increasing your resilience. The suggested actions below will get you started, ranging from a free 'print-off and fill-in' plan to more specialised training.

Quick and easy preparation:

- Make sure you have suitable insurance – the [Association of British Insurers](#) provides helpful information. [Commercial property insurance](#) is particularly relevant.
- Complete the [Business Emergency Resilience Group 10 Minute Plan](#).
- Think through potential disruptions to your company and what you can do about them in greater detail using the [Dummies Guide to Business Continuity](#).
- Put together a 'battle box' containing important documents and items to keep your business running, in case you have to relocate with little or no notice.
- Consider your [preparation for cyber threats](#).

More advanced preparation:

- Complete a free [Business Resilience Health Check](#) to help you understand how to make your company more resilient in about 1.5 hours.
- Talk to neighbours, businesses and customers about your plans and how you could support each other.
- Test your plan and adjust it where necessary to avoid complications in an emergency.
- Make sure all your staff have copies of your plan and that they know their responsibilities in an emergency.
- Read the [guidance for preparing your businesses for flooding](#) and for [preparing your premises](#).

See: [Preparing for emergencies - GOV.UK \(www.gov.uk\)](#)

Young people at work

The Health and Safety Executive (HSE) have a dedicated webpage for employers reminding them of the need to be extra cautious with the safety of young people.

When you employ young people under the age of 18, you have the same responsibilities for their health, safety and welfare as you do for other workers. This applies whether they are:

- A worker
- On work experience
- An apprentice

Young people are likely to be new to the workplace and therefore at a greater risk of injury in the first six months of a job, as they may be less aware of risks. They will often be vulnerable, as they may:

- Lack experience or maturity.
- Not have reached physical maturity and lack strength.
- Be eager to impress or please people they work with.
- Be unaware of how to raise concerns.

Young people need clear and sufficient instruction, training and supervision so they understand the importance of health and safety and can work without putting themselves and other people at risk. They may need more supervision than adults.

Work experience and work-based learning will be the first time most young people experience the work environment.

Good preparation and organisation of placements is essential if these opportunities are to be helpful and safe introductions to work.

If your workplace has health and safety representatives, they can play a valuable role early on by:

- Introducing the young person to the workplace.
- Helping with their ongoing training.
- Giving employers feedback about particular concerns.

See: [Young people at work - Overview - HSE](#)

National Insurance for employees working in the EU or Switzerland

HMRC have recently updated their guidance to employers whose employees are working in the EU or Switzerland.

If a worker leaves the UK to work in the EU or Switzerland they will only pay into one country's social security scheme at a time. They will usually pay social security contributions in the country they are working in. Employers' liability to pay social security contributions follows the liability of the employee concerned.

The UK has social security agreements with the EU and Switzerland. National Insurance continues to be payable in the UK but not the other country if HMRC has issued the relevant certificate. The reason for applying for the certificate is that UK National Insurance Contributions are generally lower than the Social Security costs in most European countries.

The certificate can be used as evidence that the worker does not need to pay social security contributions in the country they are working in, and generally applies for up to 2 years.

The individual or their employer should apply for a certificate. Use the form below to apply for a certificate of continuing liability. You can apply if the non-UK country has a social security agreement with the UK and you're:

- An employer sending employees to work temporarily.
- Self-employed in the UK and will be self-employed in that country.

See: [Apply for a certificate of continuing liability for National Insurance - GOV.UK \(www.gov.uk\)](#)

There are similar procedures for individuals working in Iceland, Liechtenstein, or Norway.

HMRC have also updated their guidance on workers from the above countries coming to the UK. The guidance helps workers and employers check if they should pay National Insurance in the UK or social security contributions in the EU, Iceland, Liechtenstein, Norway, or Switzerland.

See: [Social security contributions for workers coming to the UK from the EU, Iceland, Liechtenstein, Norway, or Switzerland - GOV.UK \(www.gov.uk\)](#)

New cyber guidance for retailers

The National Cyber Security Centre (NCSC) has published tailored guidance designed to support retailers, hospitality providers and utility services in protecting themselves and their customers from the impact of cybercrime.

The guidance is specifically designed for any organisation with an online presence, but particularly for:

- Organisations that employ online customer accounts.
- Organisations at risk of having their brand spoofed by malicious actors.

The guidance recognises that passwords remain the default method of authentication for a huge range of services, both at work and at home. However, accounts authenticated by passwords alone are known to be vulnerable to attack and so, in some cases, alternate authentication models may be more suitable.

The NCSC's new guidance on [authentication methods](#) will help you explore alternative models for authentication such as:

- Two-step verification
- OAuth
- FIDO2
- Magic links
- One time passwords

In addition to protecting your users' accounts, the NCSC also recommends that you consider measures that protect your brand from being exploited online through, for example:

- False representations of your products or services.
- Fake endorsements.
- Your brand being used in phishing or malware to make attacks look credible.

The NCSC's new [takedown guidance](#) tells you how to go about removing malicious content such as phishing sites. Typically, you can:

- Contact hosting companies and domain registrars yourself, requesting that the service be withdrawn.
- Use a takedown provider who can manage this process on your behalf.

Whichever method you choose, removing malicious websites that are exploiting your reputation to defraud the public is key to protecting your brand.

Charity Fraud Awareness Week 2022

Charity Fraud Awareness Week takes place from 17 to 21 October 2022 and is a campaign run by a partnership of charities, regulators and other not-for-profit stakeholders from across the world.

All charities, NGOs and not-for-profits are susceptible to fraud and can be targeted. Those providing services and supporting local communities may be especially vulnerable to fraudsters attempting to exploit current national and global crises to carry out fraud and cybercrime. This means that now - more than ever - charities need to be fraud aware and take steps to protect their money, people and assets from harm.

The purpose of the week is to raise awareness of fraud and cybercrime affecting the sector and to create a safe space for charities and their supporters to talk about fraud and share good practices.

See: [Charity Fraud Awareness Week 2021- Fraud Advisory Panel](#)

Energy Bill Relief Scheme for non-domestic customers

The Energy Bill Relief Scheme (EBRS) will provide energy bill relief for non-domestic customers in Great Britain (Scotland, England and Wales). Discounts will be applied to energy usage initially between 1 October 2022 and 31 March 2023.

This support will be applied automatically to all eligible bills by suppliers. You do not need to take action or apply to the scheme.

The level of support for each organisation will vary depending on the type and date of the contract. You will find details of how you will get the reduction based on the

type of contract you are on and several examples of how the scheme will work in the [UK Government Energy Bill Relief Scheme guidance](#).

The scheme will be available to everyone on a non-domestic contract, including:

- Businesses.
- Voluntary sector organisations, such as charities.
- Public sector organisations such as schools, hospitals and care homes.

Who are:

- On existing fixed price contracts that were agreed on or after 1 April 2022.
- Signing new fixed price contracts.
- On deemed / out of contract or variable tariffs.
- On flexible purchase or similar contracts.

The scheme is intended to be for a wide range of businesses and other non-domestic customers, but there may be very limited exclusions. For example, businesses that use gas or electricity for the purpose of generating power they are selling back into the grid, such as power stations, pumped hydro or grid-level battery storage.

Non-domestic suppliers and consumers must not profit from the scheme other than for its intended purpose of providing relief on necessary energy bills.

See: [Energy Bill Relief Scheme: help for businesses and other non-domestic customers - GOV.UK \(www.gov.uk\)](#)

EU laws to end 31 December 2023

The UK Government will end the special status of all retained EU law by 31 December 2023. Under the Brexit Freedoms Bill, all EU legislation will be either amended, repealed or replaced.

Many EU laws kept on after Brexit were agreed as part of a compromise between 28 different EU member states and were duplicated into the UK's statute books.

All EU legislation will be amended, repealed, or replaced under the new Brexit Freedoms Bill introduced to Parliament last month, which will end the special legal status of all retained EU law by 2023 and give the UK the opportunity to develop new UK laws.

The Brexit Freedoms Bill will enable the UK government to remove EU regulation in favour of, what they describe as a “ More agile, home-grown regulatory approach that benefits people and businesses across the UK. By removing these legal restraints and replacing them with what works for the UK, our businesses and economy can innovate and grow to new levels.”

They further comment that “As a result of the bill, around £1 billion worth of red tape will be removed, giving businesses the confidence to invest and create jobs, while transforming the UK into one of the best regulated economies in the world.”

The Bill is an integral step in the new Prime Minister’s mission for growth and it is hoped that it will support Britain’s businesses to capitalise on the UK’s leadership in areas like clean energy technologies, life sciences and digital services.

See: [UK government to set its own laws for its own people as Brexit Freedoms Bill introduced - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-government-to-set-its-own-laws-for-its-own-people-as-brexit-freedoms-bill-introduced)

Shetland Isles - Grant funding to support and incentivise businesses to adapt to new ways of working

The Shetland Business Transition Fund provides grants of between £1,000 and £10,000 to businesses in Shetland. Grants will support up to 75% of project costs and can be used for new ways of working which might include the implementation of new online systems, new machinery and investment in green technology.

This is financed from funding made available through the Scottish Government's Local Authority Covid-19 Economic Recovery Fund. The fund is expected to be oversubscribed and will close as soon as all funds are committed, or on 31 January 2023, whichever comes first.

See: [Shetland Business Transition Fund – Shetland Islands Council](https://www.shetland.gov.uk/news/shetland-business-transition-fund)

Keep your tourism business cosy by insulating and draught proofing

VisitScotland has created the sustainable tourism fact sheet: keeping cosy. It supports Scottish tourism and hospitality businesses to manage energy more efficiently.

About two-thirds of heat from a typical tourism or hospitality building is lost through the building fabric, for example, walls, ceilings and floors. Wrapping your building in a warm blanket will reduce the amount of heat you need.

This guide includes:

- Advice on keeping the heat in.
- Draught-proofing your building.
- The energy efficiency of windows.
- Insulation in your loft, walls and floors.

See: [Draught Proofing & Insulation - Sustainability | VisitScotland.org](https://www.visitScotland.org.uk/insulation)

Reducing waste and recycling advice for the tourism and hospitality sector

VisitScotland has created the sustainable tourism fact sheet: reducing and recycling packaging waste. It supports Scottish tourism and hospitality businesses to manage waste more effectively.

As a business, you will be generating waste made up of a range of materials, including plastic, glass, metal, cardboard and likely food waste.

This guide includes:

- How you can identify how much waste you produce.
- Tips on reducing your waste.
- Legislation surrounding waste and recycling.
- Recycling best practice.

See: [Reducing & Recycling Package Waste - Advice & Tips | VisitScotland.org](https://www.visitScotland.org.uk/reducing-and-recycling-package-waste-advice-tips)

Rural Leadership Programme – update

The Scottish Rural Leadership Programme is designed to help Scottish rural business owners who have the desire and ambition to grow their business.

It involves a series of engaging and stimulating workshops to help leaders develop themselves and their businesses through one-to-one coaching, peer-to-peer mentoring, innovation, and an inspirational learning journey to London and Edinburgh.

The programme is being delivered by Elevator UK and will be held regionally across Scotland.

Participants will become part of a well-connected network of nearly 700 rural leaders across Scotland.

Currently, the programme is closed to applications. However, you can find out more information and register your interest for future dates on the Elevator UK website.

See: [Scottish Rural Leadership Programme | Elevator UK](https://www.elevatoruk.com/scottish-rural-leadership-programme)

Coronavirus guidance on ventilation – update

The Scottish Government has published guidance on ventilation to help reduce the risk of coronavirus transmission in indoor settings.

It includes guidance specifically for businesses, including workplaces and commercial properties.

Topics include:

- How proper ventilation reduces transmission risk.
- How to maintain good ventilation.
- Ventilation as part of your overall risk reduction strategy.
- Risk assessments, including your ventilation requirements.
- How to monitor air quality.
- Natural ventilation and mechanical ventilation.
- How to help staff understand the importance of good ventilation.
- How to balance ventilation and comfort levels in cold weather.
- Legal requirements, specialist support and advice.
- Other useful tips, including what to do if you cannot open windows.

See: [Overview - Coronavirus \(COVID-19\): ventilation in the workplace - gov.scot](https://www.gov.scot/resources/consultations/web_publications/2020/05/20200520-overview-coronavirus-covid-19-ventilation-workplace-gov-scot)
(www.gov.scot)