

Written 7 November 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!

### HMRC guidance on goodwill valuations

The valuation of business goodwill for tax purposes is very subjective and is often a contentious area. HMRC have recently updated their guidance in their Shares and Assets Valuation Manual.



The guidance makes a distinction between goodwill for Capital Gains purposes and goodwill within the corporate intangibles regime where accountancy principles apply. The accounting rules define goodwill as the difference between the overall worth of a business when it changes hands and the value of its identifiable (including intangible) assets.

The HMRC guidance goes on to state that the goodwill of a business is the “attractive force” which brings in custom, it is the thing that distinguishes an old established business from a new entity. In a business reliant on the skill, personality and other personal attributes of the proprietor, it is likely that the goodwill will be personal to the proprietor.

The guidance also sets out the information required by HMRC Shares and Assets Valuation when asked to agree on a goodwill valuation with the taxpayer.

Note that the disposal of goodwill and customer-related assets by individuals no longer qualifies for CGT Business Asset Disposal relief (previously entrepreneurs' relief) but the disposal would be subject to CGT at normal rates. Corporate intangibles relief for the acquisition of goodwill was abolished for acquisitions from 7 July 2017, although a restricted form of relief was introduced in the Finance Act 2019.

We can assist you in valuing the goodwill of your business and calculating the value of your business in general whether for tax purposes or when you are considering a sale.

### **Thinking of selling your business?**

The ultimate aim of every serious business person is to build a company that has value, so that it can be sold or transferred, allowing the entrepreneur to exit gracefully and profitably.

Recently, we have been helping a number of our entrepreneur clients develop exit strategies. There are many issues to consider:

- When do you want to retire?
- Can the business be sold to your employees?
- Is a trade sale more likely?
- Are there children involved?
- How much is the business worth?
- What needs to be done to enhance the value of the business?
- How long will it take?
- Do you want/need to stay on after the sale or transfer?
- What are the tax consequences?

We have a tried and tested methodology to address these issues and to help you prepare your business for sale, find potential buyers and help you negotiate to get the maximum price. If you would like to discuss your personal exit plans, we would be happy to do so with you — please call us!

### **HMRC make arrests in connection with suspected fraudulent R&D claims**

In the light of a recent article in The Times last week, the HMRC Press Office issued the following tweet:

*“By acting quickly to pause payments and implement additional checks on claims we have protected £46 million of public money. We have also arrested 8 people suspected of conspiring to submit over 100 fraudulent R&D claims”*

The current rules allow small and medium-sized companies undertaking qualifying research and development expenditure to claim a tax refund equivalent to 33.35% of the expenditure. This is because the relief is currently 230% of the amount spent and any resulting loss can be surrendered for a 14.5% refund from HMRC. This generous tax break has led to a number of alleged “rogue” R&D consultants making spurious claims on behalf of companies.

#### What projects qualify for R&D tax relief?

HMRC have also recently updated and reissued their guidelines on the conditions to be satisfied for a valid R&D claim:

The accountancy definition of R&D is modified for tax purposes by the Guidelines, which are given legal force by Parliamentary Regulations.

Note in particular that R&D for tax purposes takes place when a project seeks to achieve an advance in science or technology. The activities which directly contribute to achieving this advance in science or technology through the resolution of scientific or technological uncertainty are R&D.

Certain qualifying indirect activities related to the project are also R&D. Activities other than qualifying indirect activities which do not directly contribute to the resolution of scientific or technological uncertainty in an overall project are not R&D.

An advance in science or technology means an advance in overall knowledge or capability in a field of science or technology (not a company’s own state of knowledge alone). This includes the adaptation of knowledge or capability from another field of science or technology in order to make such an advance where this adaptation was not readily deducible by a competent professional in that field.

A process, material, device, product, service or source of knowledge does not become an advance in science or technology simply because science or technology is used in its creation. Work which uses science or technology, but which does not advance scientific or technological capability as a whole is not an advance in science or technology.

If you think that some of the technological developments that are being carried out within your company might qualify as R&D please contact us so that we can consider whether or not you might be eligible to make a valid claim for this generous tax relief.

#### **Self-Assessment: Declare your COVID-19 payments**

HMRC is reminding their Self-Assessment taxpayers that they must declare COVID-19 payments in their tax return for the 2021 to 2022 tax year.

More than 2.9 million people claimed at least one Self-Employment Income Support Scheme (SEISS) payment up to 5 April 2022. These grants are taxable and should be declared on tax returns for the 2021 to 2022 tax year before the deadline on 31 January 2023.

### SEISS payments

The SEISS application and payment windows during the 2021 to 2022 tax year were:

- SEISS Four: 22 April 2021 to 1 June 2021
- SEISS Five: 29 July 2021 to 30 September 2021

### Other payments

SEISS is not the only COVID-19 support scheme that should be declared on tax returns. If you received other support payments during the 2021 to 2022 tax year, you may need to report this on your tax return if you are:

- Self-employed
- In a partnership
- A business

See: [Reporting coronavirus \(COVID-19\) grants and support payments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/reporting-coronavirus-covid-19-grants-and-support-payments)

## **Company Tax Returns – Job Retention Scheme and Eat Out to Help Out**

If you received a Coronavirus Job Retention Scheme (CJRS) grant or an Eat Out to Help Out payment, you will need to do both of the following:

- Include it as income when calculating your taxable profits in line with the relevant accounting standards.
- Report it separately on your Company Tax Return using the Coronavirus Job Retention Scheme and Eat Out to Help Out boxes.

You should record all other taxable COVID-19 payments as income when you calculate your taxable profits.

Please talk to us if you require our help in disclosing grants and other support to HMRC.

See: [Corporation Tax forms - GOV.UK \(www.gov.uk\)](https://www.gov.uk/guidance/corporation-tax-forms)

## **Business Finance Week 2022 – This week!**

Throughout this week, the British Business Bank, along with business support partners from across the UK, are working together to host the inaugural Business Finance Week 2022.



During the five days of nationwide and regional in-person events, webinars and more, they hope to help smaller businesses learn all about the different finance options available to them to support their individual needs.

Each day will be centred around a key theme, giving SMEs the opportunity to hear from experts in their field on a varied range of subjects.

The themes are:

- Funding your start-up – 7 November 2022
- Angel investment – 8 November 2022
- Equity for growth – 9 November 2022
- Debt for business – 10 November 2022
- Green finance – 11 November 2022

See: [Business Finance Week 2022 - British Business Bank \(british-business-bank.co.uk\)](https://www.british-business-bank.co.uk)

### **Sustainable Food Investment Readiness Programme 2022**

Innovate UK Knowledge Transfer Network (KTN) is looking for innovative UK SMEs who wish to seek private investment to fast-track sustainable food innovation and who would benefit from investment pitch training, mentorship and an opportunity to present to investors at an Investment Showcase Event.



The scope of the Sustainable Food Investment Readiness Programme includes:

- Agri tech
- Sustainable protein
- Controlled environment agriculture

- Low emission food production systems

The aim of the programme is to prepare SMEs to successfully and succinctly communicate their investment opportunity to investors and improve their chances of securing private funding for their innovation.

Successful applicants will receive online and in-person investment pitch training and mentorship, and an opportunity to present their final pitch to an internal Innovate UK and Innovate UK KTN selection panel.

Up to 14 participants from the training cohort will then be selected to present their investment pitch to a pool of private sector-relevant investors in the Sustainable Food Investment Showcase Event in February 2023.

All training will take place at the Innovate UK KTN London office unless otherwise stated.

See: [Applications now open for Sustainable Food Investment Readiness Programme 2022 - Innovate UK KTN \(ktn-uk.org\)](#)

### **The Small Business Saturday UK Tour will hit the road again this November!**

Calling at 23 different towns and cities across the UK, the special ten-year anniversary tour will mark the official countdown to Small Business Saturday on 3 December 2022.

'The Tour' kicked off in Glasgow on Monday 31 October 2022 and will travel across the UK for five weeks, spotlighting Britain's amazing small businesses.

And to be as sustainable as possible, given the vital role small firms play in the race to net zero, the tour will be using a fleet of electric and zero-emissions vehicles.

Once again, 'The Tour' will offer:

- Livestreamed interviews with business owners and local leaders on their Instagram channel (@smallbizsatuk).
- Free 1-1 mentoring sessions.
- A range of business experts available to offer individual help and advice.

See: [Small Business Saturday UK | Another year making a Big Difference!](#)

### **Trustees' Week 2022**

Trustees are the people in charge of a charity. They play a vital role, volunteering their time and working together to make important decisions about the charity's work. Trustees' Week is an annual event to showcase the great work that trustees do and highlight opportunities for people from all walks of life to get involved and make a difference.

This year Trustees week takes place from 7 November to 11 November 2022.

Events all around the country will celebrate the achievements of trustees, as well as highlight opportunities for you to get involved with a local charity or voluntary organisation at the board level.

See: [Trustees Week – Showcasing the work of charity trustees](#)

### Latest recommended Christmas posting dates



Royal Mail has released the latest posting dates for Christmas. They say to allow plenty of time for posting and post items and gifts for Christmas early, particularly for international deliveries:

- Friday 16 December 2022 – Royal Mail Bulk Mail Economy
- Monday 19 December 2022 – 2nd Class, 2nd Class Signed For, Royal Mail 48®
- Wednesday 21 December 2022 – 1st Class, 1st Class Signed For, Royal Mail 24®, Royal Mail Tracked 48®\*\*
- Thursday 22 December 2022 – Special Delivery Guaranteed® Royal Mail Tracked 24®\*\*
- Friday 23 December 2022 – Special Delivery Guaranteed® with Saturday Guarantee

\*\* Royal Mail Tracked 24® and Royal Mail Tracked 48® are not available to purchase at Post Office® branches.

See: [Get ready for Christmas 2022 | Royal Mail Group Ltd](#)

### Net zero living: pioneer places

UK registered businesses and local authorities can apply for a share of up to £2 million to develop detailed local plans for innovative approaches to unlock non-technical systemic barriers to the delivery of net zero targets.

The aim of this competition is to support up to 30 places to develop a plan, with local authorities, to accelerate their transition to net zero.

You must consider the whole net zero system in your area, including:

- Power
- Heat
- Mobility
- Product manufacture and usage

This competition is open to collaborations only and closes on 30 November 2022.

See: [Competition overview - Net zero living: Pioneer places - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](https://www.innovation-funding.service.gov.uk/competition-overview-net-zero-living-pioneer-places)

### **Innovate UK Smart Grants: October 2022**

Innovate UK, part of UK Research and Innovation, has launched another round of Smart Grants funding for game-changing and commercially viable R&D innovation

Up to £25 million is available for disruptive research and development (R&D) innovations that can significantly impact the UK economy. All proposals must be business-focused, with deliverable, realistic, adequately resourced plans to achieve a return on investment, growth, and market share following project completion. Applications can come from any area of technology and be applied to any part of the economy, such as:

- Net zero
- The arts
- Design and media

To be in scope, your proposal must demonstrate (amongst other things):

- A game-changing, innovative, and disruptive idea that will lead to new products, processes or services.
- An idea that is significantly ahead of others in the field, set for rapid commercialisation.
- Clear potential to positively impact the UK's position, productivity and competitiveness within the global economy.

Projects can be across a variety of technologies, markets and research categories, including:

- Feasibility projects
- Industrial research projects
- Experimental development projects



Your application must include at least one micro, small or medium-sized enterprise (SME) as the lead or a collaborative grant claiming partner.

Projects must start by 1 July 2023 and end by 30 June 2026 and follow specific rules dependent on their duration.

See: [Competition overview - Innovate UK Smart Grants: October 2022 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](#)

## **HSE Health and Work Conference**

This interactive, free all-day event will take place virtually and is part of the Health and Safety Executive's (HSE) approach to inspire and promote better prevention, management and control of the common risks and causes of work-related ill-health across Great Britain.

Building on the success of last year's conference, which saw huge demand, HSE has increased the capacity five-fold to provide 5,000 spaces for delegates. Discussions will cover topics including work-related stress and mental health, occupational health, musculoskeletal disorders, controlling radiation in the workplace and occupational lung disease.

Delegates at the event will see how health and work are evolving not just in response to the pandemic, but also around the actions we need to take collectively as employers, employees, regulators and others to prevent harm caused by work-related ill-health.

It will provide a unique opportunity for businesses, public and third-sector organisations, health professionals and others to engage directly with regulatory inspectors, scientists and health topic specialists.

The conference takes place on 15 November 2022 and you can view the agenda by selecting the following link [Health & Work Conference 2022 \(healthandworkconference.co.uk\)](#)

For further information and to register for the conference please select the following link [Health & Work Conference 2022 \(healthandworkconference.co.uk\)](#)