

Written 7 November 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!

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 \(apply-for-innovation-funding.service.gov.uk\)](https://www.innovation-funding.service.gov.uk/competition-overview)

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 \(healthandworkconference.co.uk\)](https://healthandworkconference.co.uk)

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

TalentScotland Business Immigration and Visa Support Service

If your business would like further information and support on how to attract and retain employees from outside the UK, TalentScotland can help.

They can help you:

- Promote your company as an employer of choice to an audience beyond Scotland.
- Get concise immigration and visa information tailored to your business needs.

- Attend immigration workshops and bespoke tutorials.
- Access materials and insights to help you showcase the best of Scotland to international candidates and their families.

TalentScotland is a Scotland-wide international talent attraction service managed by Scottish Enterprise. Working in partnership with a range of other public and private sector organisations, TalentScotland helps Scotland-based small and medium-sized businesses (SMEs), inward investors and entrepreneurs navigate the UK immigration system.

See: [Support from TalentScotland \(sdi.co.uk\)](https://sdi.co.uk)

Energy Bill Relief Scheme for non-domestic customers

The Energy Bill Relief Scheme (EBRS) will provide discounts on energy bills for non-domestic customers in Great Britain. The discounts will initially be applied to energy usage between 1 October 2022 and 31 March 2023.

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

The discount amount for each customer will vary depending on the type and date of your contract. You will find details of how your discount will be calculated and several examples of how the scheme will work in [the UK Government Energy Bill Relief Scheme guidance](#)

Creative Scotland - Made in Scotland Showcase Fund 2023

Made in Scotland is a curated showcase that promotes high-quality music, theatre and dance from Scotland-based artists, companies and organisations each year.

The Made in Scotland Showcase Fund provides funding to help Scottish artists present new or existing work at the 2023 Edinburgh Festival Fringe. This fund does not support the costs of creating a completely new piece of work. Instead, it provides additional resources to support existing plans to present work at the Edinburgh Fringe.

There is no minimum or maximum level of funding an applicant can apply for. However, this fund should not be an applicant's only source of funding. The total budget for the fund will be around £300,000.

Applications opened at 2pm Wednesday 12 October 2022 and will close at midday on Tuesday 22 November 2022.

See: [Made in Scotland Funding | Creative Scotland](#)

Specialist Advice – Highlands and Islands

The Specialist Advice Service from Highlands and Islands Enterprise (HIE) provides a flexible resource for businesses and social enterprises in the Highlands and Islands to help them understand options, make good decisions, and develop and exploit opportunities.

The Specialist Advice Service can help with:

- Strategy development
- Financial systems and support
- Sales and marketing
- Access to finance and financial modelling
- Process
- Human resources
- Governance

See: [Specialist Advice \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

Inverclyde Council Business Assistance Grant

This discretionary fund from Inverclyde Council provides financial assistance to help businesses in the area achieve specific business growth objectives. The fund can cover up to 50% of eligible capital expenditure costs, with a maximum contribution of £5,000.

Applicants must submit:

- A business plan
- A one-year cash flow projection
- Evidence of trading status
- The last full year's accredited accounts and up-to-date management accounts
- 3 quotes for project costs
- Proof of business insurance
- An uncensored copy of a bank statement, dated within the past 3 months, that clearly shows the name of the account holder, the account number and the sort code
- A description of the works to be undertaken and how these contribute to the development of the business

If the business is operating from commercial premises, you must also submit evidence of ownership of a lease. If the grant is for building works, you must also clarify if planning permission and a building warrant are required.

You will need to meet with a business adviser from Business Gateway Inverclyde before you receive an application form.

See: [Business assistance grant - Inverclyde Council](#)

Inverclyde Council Business Loan Scheme

Inverclyde Council offers interest-free loans of up to £5,000 to local businesses, with repayments spread over 3 years. The loan fund aims to encourage the creation and growth of small and medium-sized businesses in the area. Loans can be used for working capital, the purchase of new or used equipment, and the refurbishment or expansion of commercial property.

Applicants must submit:

- A business plan
- A one-year cash flow projection
- Evidence of trading status
- The last full year's accredited accounts and up-to-date management accounts
- 3 quotes for project costs
- Proof of business insurance
- An uncensored copy of a bank statement, dated within the past 3 months, that clearly shows the name of the account holder, the account number and the sort code
- A credit check through an Experian report

If the business is operating from commercial premises, you must also submit evidence of ownership of a lease.

You will need to meet with a business adviser from Business Gateway Inverclyde before you receive an application form.

See: [Business loan scheme - Inverclyde Council](#)

Creative Scotland - Made in Scotland Onward Touring Fund 2022-2023

Made in Scotland is a curated showcase that promotes high-quality music, theatre and dance from Scotland-based artists, companies and organisations each year.

The Made in Scotland Onward International Touring Fund helps artists, bands and ensembles based in Scotland to tour internationally. The tour should be the direct

result of a promoter inviting you to perform internationally after seeing your work at the Edinburgh Festival Fringe between 2016 and 2022.

This fund will support costs linked to:

- Flights
- Freight
- Visas
- The translation of marketing materials

Other costs associated with the tour are expected to be met by the promoter who invited you. This fund is not intended to support the full costs of presenting work internationally. The maximum you can apply for is £10,000.

Applications are now open. There are no deadlines for this fund, and you can apply at any time until the budget is fully allocated. You must apply at least 8 weeks before you are due to travel.

See: [Made in Scotland Funding | Creative Scotland](#)

Creative Scotland - Go See Share Fund 2022-2023

Go See Share is a small fund to help individuals, organisations and creative businesses explore new ways to expand their business activity and become more financially sustainable.

The fund will help recipients undertake trips or remote meetings to gain knowledge and insight, and build relationships at events or other types of visits. They can then share this knowledge back in Scotland.

Examples of the types of visits that are eligible for support include:

- Local, national and international visits to see examples of best practice or new business models in operation.
- Remote meetings or visits that help you research best practice or new business models.
- Interesting events, festivals and professional development opportunities focused on business development, business practices or business sustainability.
- Visits to a person, organisation or business to explore interesting new ways of working.

The deadline to apply is 2pm on Tuesday 29 November 2022.

See: [Go See Share Creative Industries Fund | Creative Scotland](#)

Perth and Kinross - Winter warmer sessions

These 4 winter warmer sessions are designed to give you greater insight into the key building blocks of a successful and innovative business. You can decide to attend one or more of the 4 sessions, depending on your business stage and knowledge gaps.

The sessions will be workshop-based, with content designed to challenge entrepreneurs to be innovative in their thinking and understanding of customer needs.

All 4 sessions will take place at the Famous Grouse Ideas Centre at Perth Creative Exchange.

The dates and times for the sessions are:

- Friday 18 November, 2pm to 5pm: Rapid user research – Understanding the real needs of real customers
- Friday 25 November, 2pm to 5pm: Building your business strategy – SWOT and PESTLE analysis
- Friday 2 December, 1pm to 3:30pm: Nurturing your business through nurturing yourself
- Friday 9 December, 2pm to 5pm: What are you promising your customer? The value proposition

See: [Winter Warmer Sessions | Elevator UK](#)

Offshore Wind Expert Support

Offshore Wind Expert Support (OWES) helps businesses identify relevant opportunities in the offshore wind sector and develop a market entry strategy to target these opportunities.

The support is for companies with no experience of working in offshore wind that are looking to diversify into the sector, as well as companies with some experience in offshore wind that wish to further develop their understanding of the sector and the opportunities it presents.

The support is provided by expert consultants at Xodus Group who specialise in energy. They will work with you to:

- Examine the relevance of your products, services or capabilities to the offshore wind sector.
- Explore where your company would fit in the offshore wind supply chain (including who your customers and competitors may be).
- Suggest potential steps to enter the market or capitalise on new opportunities.

In total, OWES provides 2 days' worth of free consultancy time from Xodus, but the process is spread over several weeks and would typically involve:

- Completion of the OWES application form for review and approval by Scottish Enterprise.
- An initial interview with Xodus to understand your business, your familiarity with offshore wind and your aspirations for the sector.
- Follow-up calls with Xodus to clarify their understanding of your company and agree on areas of opportunity to focus on in the report.
- Production of a draft report that outlines the main market opportunities relevant to your company.
- A workshop with Xodus to discuss the findings of the draft report and potential market entry strategies.
- The issue of a final report.

See: [Offshore Wind Expert Support \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)