

Written by 9 October 2023

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!

This UK Government is the biggest tax-raising parliament since records began

The Institute for Fiscal Studies (IFS) has stated that this has been the biggest tax-raising parliament since records began, pushing UK tax revenues to historically high levels. They comment “At the time of the last general election, UK tax revenues amounted to around 33% of national income. By the time of the next election in 2024, on current forecasts, taxes will amount to around 37% of national income – a level not sustained in the post-war period. Compared with a world in which taxes had stayed at 33% of national income, the UK government will be raising upwards of £100 billion more in tax revenues next year. This is equivalent to around £3,500 more per household, though of course the tax rise will not be shared equally.



The government may decide to announce tax cuts in the run-up to the next election. But there is no world in which this parliament – or indeed the period since Rishi Sunak became Prime Minister – turns out to be anything other than a tax-raising one. In fact, it is currently on track to be the biggest tax-increasing parliament since comparable records began.

The UK government is currently raising more in tax revenue, as a percentage of national income, than at any time since the 1940s. This is, in no small part, due to a raft of tax-raising measures announced over the past few years. Notable examples include the big increase in the main rate of corporation tax from 19% to 25%, the energy profits levy, and freezes to various income tax and National Insurance thresholds. Economic developments mean that some of these measures will now raise considerably more than originally planned or intended. That is [particularly true of freezes](#) to income tax allowances (which would otherwise have risen in line with inflation).

So are there any tax Planning opportunities ahead of the new tax year?

The new tax year starts 6 April 2024, so you have six months to consider your planning options. Once we pass this date the majority of the tax planning options for Income Tax and Capital Gains Tax purposes will cease unless actioned.

Do you fall into any of these categories?

- You have or are thinking about a change in your personal status (single, married, separating, joining or dissolving a civil partnership).
- You are thinking about selling a capital asset, such as shares or a property.
- You or your child's other parent claims Child Benefit and the income of either parent is likely to exceed £50,000 for the first time during tax year 2023-24.
- Your annual income is approaching or above £100,000.
- You have not yet topped up your pension contributions for tax year 2023-24.
- You are self-employed with a 31 March 2024 year-end.
- You are thinking about the purchase of equipment or vehicles.
- You are the director and/or shareholder of a limited company and have not yet considered voting dividends or bonuses for 2023-24.

If you do, we can help you discuss your options ahead of the April 2024 deadline.

The above list is not comprehensive, and we specialise in helping clients with all taxes including PAYE, NIC, VAT, Corporation, Capital Gains, Income and Inheritance tax. Please contact us now!

See: [This will be the biggest tax-raising parliament on record | Institute for Fiscal Studies \(ifs.org.uk\)](#)

Millions Heading for Retirement Without a Financial Plan

Millions of over-55s in the UK are at risk of encountering financial difficulties in their retirement, new research has revealed.

One of the UK's leading at-retirement advisers commissioned an independent survey of 2,000 UK adults, finding that less than half (46%) of respondents currently have a

financial plan in place for their retirement – with this figure only rising to 47% for those aged 55 and above.

When it comes to retirement savings, just 51% of UK adults know how much is in their pensions – again, there is only a slight increase (to 56%) among those aged 55 and above.

The research also showed that less than a third (32%) of over-55s are confident they will retire with enough money to achieve their desired lifestyle.

Research has also shown that only 16% of over-55s regularly use the services of a wealth manager or independent financial adviser (IFA), while just 19% have spoken with an IFA in the past 12 months to help them understand how to adapt their pension plans to the current economic climate.

Do you own a 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 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 a buyer feels your business is worth.

If you would like to discuss your personal exit plans we would be happy to do so with you — please call us!

Useful HMRC webinars on expenses and benefits

There is a wide range of expenses and benefits received by employees – including directors.

If you would like more information – or maybe just a refresher – on how to deal with such payments and the effects on tax and National Insurance, HMRC have some useful webinars to support you.

Expenses and benefits for your employees – if your employees have more than one workplace

Find out about:

- employee travel to different types of workplace,
- geographical locations,
- the 24-month rule, and
- the 40% test.

See: [Registration \(gotowebinar.com\)](https://www.gotowebinar.com)

Expenses and benefits for your employees – travel

This webinar covers reimbursing employees undertaking travel on behalf of the employer, including the tax treatment of:

- travel and subsistence payments to employees;
- mileage payments for employees using their own vehicle;
- benchmark and bespoke scale rates; and
- records and reporting requirements.

See: [Registration \(gotowebinar.com\)](https://www.gotowebinar.com)

Expenses and benefits for your employees – company cars, vans and fuel

If your employees have private use of a company vehicle, HMRC will cover:

- how to use the online calculator to work out the amount to report for payrolling or on the P11D;
- fuel made available for private use; and
- essential record keeping.

The first part of the webinar will cover company cars, followed by company vans.

See: [Registration \(gotowebinar.com\)](https://www.gotowebinar.com)

UK government announces more legislation to tackle late payments

The UK government has announced tougher measures to tackle the issue of late payments to small businesses. These new measures will be included in the upcoming Prompt Payment & Cash Flow Review, due to be published shortly and will improve delivery and enforcement of policies, enabling more small businesses to get paid on time.

New measures to be announced in the review will include:

- Extending the Reporting on Payment Practices and Performance Regulations 2017. Following consultation, Government will take forward legislation to extend payment performance reporting obligations. Also included will be new metrics for reporting, including a value metric, so businesses and commentators can see the value of invoices, including invoices paid late, and a disputed invoices metric. Government will also introduce reporting on retention payments for businesses in the construction sector.
- Providing greater advice to small businesses on negotiating payment terms that better suit them, and on how going digital can help them get paid quicker and manage their cash flow.
- Broadening the powers of the Small Business Commissioner: Introducing broader responsibilities, enabling the Commissioner to undertake investigations and publish reports where necessary on the basis of anonymous information and intelligence. This will require primary legislation, so will be subject to the legislative timetable.

See: [Government takes action to back small businesses and tackle late payments - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/government-takes-action-to-back-small-businesses-and-tackle-late-payments)

1 in 4 Employers Have Seen an Increase in Staff Sickness

A new survey from Acas has found that one in four employers have seen an increase in staff being off sick compared to a year ago. Acas commissioned YouGov to ask employers at the end of August if they had seen any changes to the number of employees being off sick compared to 12 months ago. The poll found that:

- 26% of employers had seen an increase in sickness absence;
- Almost 1 in ten (9%) had seen a decrease;
- Over half (59%) said that the number of staff being off sick had roughly stayed the same; and
- 6% didn't know or were not sure.

Acas advice is that businesses that effectively address sickness can improve staff morale and wellbeing, boost productivity, reduce absence levels as well as save money. Steps that can help to reduce sickness absence include:

- Having an absence policy that is clear on what is expected of managers and their staff if they need time off work;
- Create a culture at work where staff feel supported and comfortable raising problems that they trust will be taken seriously; and
- Deal with the causes of absence such as work-related stress or workers struggling to balance work and caring responsibilities.

Acas advises that a good work-life balance can lead to lower levels of sickness absence. To help staff, employers should:

- Encourage staff to speak up if they feel they're under too much pressure at work;
- Train managers to spot signs of a poor work-life balance;
- Offer flexible working where possible;
- Encourage breaks from work, including during the day and making sure employees take holidays;
- Regularly review workloads; and
- Lead by example – if managers and senior leaders have a good work-life balance, this will create a culture for employees to follow.

See: [Reducing sickness absence: Recording and reducing sickness absence - Acas](#)

Digital Innovation Fund opens for applications

The Made Smarter Innovation - Smart Manufacturing Data Hub (SMDH) is now accepting applications for funded projects that will support manufacturing small and medium-sized businesses (SMEs) on their smart manufacturing journey.



The fund aims to support the development of concepts into a market-ready solution for deployment and dissemination to SMEs.

There are three different funding opportunities based on the needs of the company:

- [Lighthouses](#) - aims to develop already proven digital products and processes into readily accessible solutions which meet the needs of manufacturing SMEs. Grant funding of up to £315,000 is available per project.
- [Virtual Testbeds](#) - aims to provide financial support and opportunities to bring pre-existing testbeds to the SMDH community and enable SMEs to utilise them. Grant funding of up to £100,000 is available per project.
- [Rapid Demonstrators](#) - aims to support SMEs with sensor installation, data analysis or similar to enable levelling-up the opportunities for SMEs to exceed and expand. Grant funding of up to £50,000 per project is available.

The fund is open to any UK-based industrial or professional sector organisation which can provide skills, support or solutions for manufacturing SMEs.

The deadline for applications is 31 October 2023.

See: [Apply for Digital Innovation Funding \(smdh.uk\)](#)

IPO Transformation: Second consultation

The UK Intellectual Property Office (IPO) is seeking views on a package of changes to improve their digital services

The [IPO's Transformation programme](#) is designed to modernise and improve the IPO's services. By the end of 2025, it aims to replace the IPO's existing processes with a digital system for all registered IP rights (patents, trademarks and designs).

In 2022, the IPO ran a [first public consultation](#), which mainly focused on changes related the launch of the new digital patents service in 2024. The [government response](#) to that consultation was published on 1 August 2023. This will inform some of the potential legal and practice changes to enable transformation and the build of the service.

A second consultation is now necessary to inform and support the next phase of the programme, which is chiefly concerned with trademarks, designs and IPO tribunal services.

See: [IPO Transformation: Second consultation \(nibusinessinfo.co.uk\)](#)

Content Fund for high potential games studios

The Department for Culture, Media and Sport (DCMS) has announced £5 million for the UK Games Fund as part of the Creative Industries Sector Vision, a joint plan between Government and industry to drive growth, build talent and develop skills across the creative sectors.

The Content Fund is offering £50,000 to £150,000 commercial games-for-entertainment content grants. The aim of the funding is to support a mix of existing and/or new employees, alongside a lesser proportion of contracted staff.

Applicant companies must be UK registered SMEs with PAYE employees engaged in games development work in the UK and have a prototype in place.

Overall project costs must be at least double the requested grant, and the funding must make a demonstrable difference in terms of unlocking additional resources, new relationships, platform or audience access.

There is a rolling deadline for this programme, however the application portal may be closed periodically for ten to fourteen days whilst batches of applications are reviewed, re-opening as soon as possible.

There are also fixed allocations of funding to administer within different financial years so early applications are encouraged, in particular for financial year 2023/24.

See: [Home - Content Fund \(ukgamesfund.com\)](https://ukgamesfund.com)

The future for Ukrainians in Scotland

A new strategy that will help Ukrainians living in Scotland to settle into communities and gain longer term housing has been developed by the Scottish Government in collaboration with the Scottish Refugee Council and COSLA. The Warm Scots Future paper sets out priorities for the next phase of Scotland's Ukraine response to support those fleeing the conflict to rebuild their lives here.

These include reducing the use of temporary accommodation, boosting access to settled housing, and keeping human rights at the heart of all integration efforts.

To support these priorities, more than £1.5 million is being made available to third sector organisations to benefit Ukrainians.

Local authorities will also receive £3.2 million to support staffing of resettlement teams. This is alongside £30 million being distributed to councils to support Ukrainians into sustainable housing, including through private and social renting.

See: [A Warm Scots Future for Ukrainians - gov.scot \(www.gov.scot\)](https://www.gov.scot)

Pounds for Purpose – Young person's business ideas

If you have a business idea that could create positive change in Scotland, Pounds for Purpose can provide a grant of up to £500 to help cover the costs. Pounds for Purpose can also provide one-to-one support with a business adviser if you turn your idea into a social enterprise.



This programme is for 16 to 26 year olds who are a permanent resident of Scotland.

Your project must:

- benefit people or communities in Scotland as its main purpose;
- not involve political campaigning or the promotion of religion; and
- not be already up and running.

You must be developing the project independently or with the help of a small team of individuals. You cannot apply on behalf of a pre-existing, established organisation. This means that college or university projects are not eligible. You must be able to spend the award budget and report on the project within 6 months.

If your idea is eligible, Firstport will contact you within 2 to 4 weeks to arrange an initial discussion.

After you apply, your application will be sent to the independent panel that makes the funding decision. You should hear the result within 6 to 8 weeks of the date you applied.

Visit the Firstport website to find out more about Pounds for Purpose and to apply.

See: [Pounds for Purpose – Firstport](#)

Agriculture and Rural Communities Bill

The Agriculture and Rural Communities Bill will reform how the government will support farming and food production in Scotland. It will legislate to introduce a new framework of support to replace the current Common Agricultural Policy.

The Bill aims to deliver the key ambitions set out in the Scottish Government's Vision for Agriculture: helping our farmers and crofters to produce more of what we eat more sustainably, to support their essential role in delivering climate mitigation and adaptation, and in biodiversity restoration. In seeking the powers to realise that Vision, the Bill will enable a payments framework that incentivises a drive towards low carbon approaches to improve the resilience, efficiency, and profitability of the sector.

The government states that the draft legislation has been designed to provide an adaptive support framework for farmers and crofters that can respond to future social, economic, and environmental changes. It enables tailored provisions to be produced and adapted as required.

See: [Agriculture and Rural Communities Bill - gov.scot \(www.gov.scot\)](#)

Funding support for clean energy transition

The Clean Energy Transition Partnership is a competitive funding call that aims to get as many Scottish companies as possible involved in developing new clean energy solutions.

There is a 2-stage application process. Scottish Enterprise can only consider projects that have already been selected through the Clean Energy Transition Partnership ranking process. The ranking process is an independent evaluation by a group of international experts. Only the highest-ranking projects will receive funding.

There are 10 modules that describe specific topics and/or challenges that applicants should address in their project proposal. Applicants must choose and apply to a specific module in their proposal.

See: [Funding support for clean energy transition \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot)

East Renfrewshire Council SBA Get to Zero Grant

The SBA Get to Zero Grant provides funding for businesses in East Renfrewshire that wish to diversify and invest in sustainable measures to help their business become more efficient, in order to reduce carbon emissions and energy loss. Businesses can receive a grant of up to £10,000.

Measures could include:

- low energy heating and lighting systems;
- improved insulation for roof and building;
- solar, ground or air source heat or solar thermal technology;
- waste management or recycling; or
- equipment that demonstrates a significant energy saving through its installation.

This grant is part-funded by the UK Shared Prosperity Fund and Local Discretionary Funds.

See: [Business development grants 2023 to 2024 - East Renfrewshire Council](#)