



**SPRING 2022**

**CHARTERED ACCOUNTANTS - REGISTERED AUDITORS - BUSINESS ADVISORS - TAX SPECIALISTS**  
**INTERNATIONAL ASSOCIATES WORLDWIDE**

## **UNDERSTANDING OUR CLIENTS, MAKES THE COMPLEX SIMPLE**

Jones Peters combines a personal approach with a breadth of service, delivered by individuals with deep knowledge and expertise to meet the complex business needs of clients.

Uniquely placed in business, we combine -

- **Accounting**
- **Auditing**
- **Tax Services**
- **Forensic/Litigation Support**
- **Financial Consultancy**



*You &*  
**Jones Peters**

**TALK TO US**

### **LOOK AT THE BENEFITS GAINED BY USING JONES PETERS**

High Partner Involvement – we aim to be your long term business partner.

Efficient Service – within your time constraints.

Prompt Response – if we are not available your call will be returned quickly.

All the Services – including SPECIALISTS and INTERNATIONAL ASSOCIATES –

**WE'RE NOT JUST GOOD WITH NUMBERS**

**WHEN NEEDED**

**BANBRIDGE** | 6 Church Street,  
Banbridge, Northern Ireland, BT32 4AA  
Tel: 0044 (0) 28 4062 5427

**BELFAST** | Adelaide House, Hawthorn,  
Business Park, Falcon Road, Belfast  
Northern Ireland, BT12 6SJ  
Tel: 0044 (0) 28 9038 7033

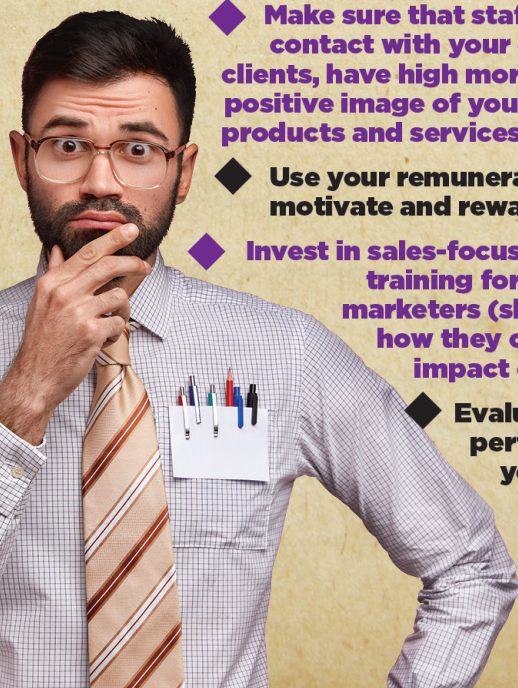


# A 16 POINT MARKETING PLAN

**AT JONES PETERS WE CAN ADVISE BUSINESS OWNERS ON MANY ASPECTS OF RUNNING AND GROWING A BUSINESS. HERE ARE SOME KEY SALES AND MARKETING CONCEPTS...**

No matter what line of business you are in, marketing is essential. And whether you have a marketing department or the marketing department is you, putting these pointers into practice should greatly improve your performance.

- ◆ **Make sure your products or services are distinguishable from your competitors'**
- ◆ **Monitor your competitors' marketing activities, and change your own as appropriate**
- ◆ **Have a marketing plan - and follow it!**
- ◆ **Aim to provide a regular stream of new customers**
- ◆ **Respond quickly to customer complaints, investigate the causes and fix the problems**
- ◆ **When you lose a customer, contact them and find out why**
- ◆ **Uncover customers' needs. Find out what they really want from your business**
- ◆ **Keep advertising expenditure within industry norms. Over-advertising smacks of desperation, under-advertise and no-one knows who you are**
- ◆ **Search for new markets for your products or services**
- ◆ **Keep your existing customers aware of all you can offer**
- ◆ **Actively look at new products or services**
- ◆ **Keep your sales forecasts and statistics up to date and distribute them to appropriate employees**
- ◆ **Make sure that staff who come into contact with your customers or clients, have high morale and present a positive image of your company and its products and services**
- ◆ **Use your remuneration structure to motivate and reward sales people**
- ◆ **Invest in sales-focussed training for your non-marketers (show them how they can have an impact on sales)**
- ◆ **Evaluate the performance of your sales team and provide training where needed**



## WHY TIMING MATTERS FOR YOUR CAPITAL SPEND

Getting the maximum tax benefit from capital spending often involves a balance of considerations and timing can be critical to the outcome. We look here at two timing issues that could impact your business.

### LAST CHANCE OPPORTUNITY TO USE COVID-19 EXTENDED LOSS CARRY BACK RULES. ....

Strategically timed capital expenditure now, in tandem with the extended loss carry back rules, may have the potential to create or enhance a trading loss, generating a tax refund for your business. Current rules provide particular incentives for capital spending. The temporary higher level of Annual Investment Allowance (AIA) is available both to companies and unincorporated businesses, whilst the 130% super-deduction and 50% special rate allowance are available to companies.

The extended loss carry back rules apply to trading losses made by companies in accounting periods ending between 1 April 2020 and 31 March 2022. For unincorporated businesses, it's available for trading losses made in the tax years 2020/21 and 2021/22.

If you are planning capital expenditure, please don't hesitate to contact us to discuss the options on timescale. We can help you decide if it would benefit your business to accelerate capital spending to bring it inside the relevant extended loss carry back window.

### REPRIEVE FOR THE TEMPORARY HIGHER AIA LIMIT. ....

The AIA limit increased to £1 million from January 2019, and was scheduled to drop back to £200,000 from 1 January 2022. The Autumn Budget of 2021, however, extended it one last time. The £1 million AIA annual limit is now set to remain in place until 31 March 2023. In terms of timescale, this sets it on a par with the super-deduction regime available to companies: the two now both finish at the same time.

Extending the availability period certainly gives businesses more time to take advantage of the enhanced provisions. If planning major capital expenditure, it's worth taking stock now of when the expenditure would be best made. The accounting year end is a key component in any decision here.

We recommend an early discussion to make sure that the timing of your purchase allows you to maximise the tax benefits available. Complex transitional calculations will be needed when the super-deduction comes to an end and when the AIA drops back to its original level. It will be important to factor these into your planning.

**JONES PETERS** would be pleased to advise further here.





# CAPITAL GAINS TAX: PROPERTY DISPOSALS

**Autumn Budget 2021 reset the capital gains tax (CGT) clock for payments on disposals of UK land and property.**

Until the Budget, UK residents disposing of UK residential property had a 30-day window after completion to report gains and pay any tax due. Non-residents disposing of UK property faced a similar deadline, with a need to report whether or not tax is due.

The 30-day regime was itself relatively new, and has had considerable teething problems. Over £1.3 million was charged in penalties for late-filed returns in 2020, something attributed, at least partly, to low public awareness of the new rules. Concerns over lack of time to prepare accurate figures, especially in complex cases, were raised by professional bodies.

The Budget extended the deadline to 60 days from completion for disposals completed on or after 27 October 2021. Where property has mixed-use, the 60-day window applies just to the residential element. For UK residents, the 60-day reporting requirement only comes into play where there is CGT to pay: and CGT on property disposal doesn't arise in every case. Where a property is always occupied as the only or main residence, principal private residence relief means CGT is unlikely to come into play. Disposals of second homes, disposals by landlords or divorcing couples are more likely to be affected.



**JONES PETERS** are on hand to advise if this is an area of concern to you.

**TAX  
TIP**

## HAVE YOU CONSIDERED A DIVIDEND OVER A SALARY OR A BONUS?

**Some may choose to take a dividend over a salary or bonus. Dividends are paid from the profits available after Corporation Tax is paid.**

A salary or a bonus generally creates tax charges for the company and currently carries up to 25.8% in combined employer and employee national insurance contributions (NICs). Dividends, however, are paid free of NICs.

The Dividend Allowance (DA) currently sits at £2,000 per year. The DA charges £2,000 of the dividend income at 0% tax: this is called the dividend nil-rate. The rates of tax on dividend income above the allowance until April 2022 are 7.5% for basic rate taxpayers; 32.5% for higher rate taxpayers; and 38.1% for additional rate taxpayers.



# STRATEGIC PLANNING

**Some form of strategic planning is essential for all businesses that want to improve their long-term financial performance. However, it can be difficult to do it effectively, especially without external help and constructive criticism.**

## COMMON PITFALLS

For many businesses, 'strategy' is too often:

- an overly simplistic vision, which is not necessarily grounded in tangible, competitive advantage
- concerned only with general objectives, without spelling out the 'how'
- too broad in scope, and insufficiently broken down by different product or market segments
- controlled exclusively by too small a number of individuals
- based upon inaccurate or wishful financial projections
- focused only on profitability or sales measures, meaning that other important issues, such as exit values on sale of the business are often not factored in.

## A NEW PERSPECTIVE

To avoid these traps, it is useful to take a fresh perspective on the business. You need to look at the wider picture, including such things as the 'PEST factors' (political, economic, social and technical); the actions of your competitors, the efficiency of your systems and cost management; and the factors that drive growth in your business.

**A good external adviser** such as **JONES PETERS** can often help in achieving this perspective.

## PRACTICAL MEASURES

Above all, strategic planning must result in practical measures **which ultimately benefit your bottom line.**

Strategies should be broken down into step-by-step processes, deadlines and responsibilities decided, and project management guidelines put in place so that ideas can be implemented. Measures that will enable you to track success should also be established.



# BUSTING THE RESEARCH AND DEVELOPMENT MYTH

## Research and development (R&D). It's what other people do. Right?

**THE ANSWER IS, NOT NECESSARILY.** Many companies carry out R&D without realising that their activity could bring them within scope of the R&D tax regime. It matters because R&D tax relief is particularly generous.

There are two main R&D tax relief's: Small and Medium-sized Enterprise (SME) R&D relief, and Research and Development Expenditure Credit. The first can provide an enhanced 130% deduction against taxable profits for qualifying R&D expenditure, in addition to the expenditure involved, making a total deduction of 230%. The second is potentially available to larger companies, and SMEs in particular circumstances. It allows a company to claim a credit calculated at 13% of qualifying R&D spend.

In the latest news, qualifying R&D expenditure changes to include specific data and cloud costs from April 2023: licence payments for datasets, and cloud computing costs attributable to computation, data processing and software. There are also measures 'refocusing' the relief's on innovation in the UK, and thus restricting some costs for R&D activity carried out overseas.

## WHAT ARE THE BOXES TO TICK TO QUALIFY FOR RELIEF?

Not all activity described as R&D in commercial parlance counts as R&D for tax relief purposes. For tax relief, the activity must fall to be accounted for as R&D under generally accepted accounting practice, and must also conform to definitions set out in BEIS Guidelines. Qualifying projects are those aiming to make an 'advance in science or technology' through the 'resolution of scientific or technological uncertainty'.

It goes without saying that subtle technical distinctions apply. An uncertainty that could be readily resolved by a competent professional in that field, for example, does not count. And an advance in science or technology must be one that has a bearing on the overall capability in a particular field, not one that relates solely to the individual company's own knowledge or capability.

Having a clear idea of where your company sits with regard to R&D activity also matters for another reason. There is increasing government concern about error and fraud in R&D claims. One way such error can arise, for example, is through the use of unregulated, so-called R&D 'specialist' firms. Many of these operate by obtaining tax refunds for R&D claims that turn out not to be robust enough to withstand subsequent HMRC checks.

Legislation is being laid to improve R&D compliance, with various changes to the claims process anticipated.

From April 2023, claims will be made digitally in most cases, with additional detail given. A named senior officer of the company will have to endorse claims, and where an agent has advised on the claim, their details will also be needed. With increased HMRC compliance activity on the horizon, it is more important than ever that claims are watertight.

If, perhaps, you have not previously considered whether your company is involved in qualifying R&D, **JONES PETERS** would be pleased to explore the issue with you.

Contact **Jones Peters** for more information on this, or any other area relating to R&D.