

MCBRIDES BUSINESS ARENA

News and views to give you the edge in business

A new era for Apprenticeships



For some companies, apprenticeships will have become part of their HR planning for the very first time in April 2017 – when the new Apprenticeship Levy kicked in. This 0.5% charge will be applied to the monthly payroll for every company with an annual payroll of £3m or over. McBrides' partner Tanya Hamilton says the new rules have implications for all employers, with opportunities for smaller employers as well.

"The levy has opened up the market, encouraging more providers and also more uptake, especially since small employers can get full funding for training 16-18 year olds," she says. "We are seeing more talented students actively considering apprenticeships as an alternative to 'A' levels and/or degrees. Indeed, although we have employed apprentices regularly in recent years, we have just offered our first apprenticeship to an under 18 year old. Our message to other employers is: take advantage of the funding and training available and think outside of the box about how apprenticeships might work in your business."

Incentives

The levy is 0.5% of every £1 you spend on staff. Employers can claim this back to fund apprenticeship training, or otherwise lose the funds. But there's no requirement to pay into the scheme unless your payroll goes above £3 million per year. For non-levy payers the government is proposing a co-investment model, with the SME paying

10% of the cost of apprenticeship training. It's worth pointing out that employment costs outside of the apprenticeship training will still need to be fully covered by the employer.

Non-Levy Payer Example: Employer with a pay bill of £2 million

Levy sum (0.5% of pay bill)	0.5% x £2,000,000 = £10,000
Exemption	£15,000
Annual Levy Payment	£0 (total levy sum less the £15,000 exemption)
Government contribution	100% funding for 16-18 year olds 90% funding for 19+
Total to spend on apprenticeships	Non-Levy Payer. Funds will be through co-investment model

Levy Payer Example: Employer with a pay bill of £50 million

Levy sum (0.5% of pay bill)	0.5% x £50,000,000 = £250,000
Exemption	£15,000
Annual Levy Payment	£235,000 (total levy sum less the £15,000 exemption)
Government 10% top up	10% of £235,000 = £23,500
Total to spend on apprenticeships	£258,500 (expires after 24 months)

It's important to consider ways in which you can work the levy to your advantage. If you have existing employees who would benefit from apprentice status, and who you can then send to college to learn valuable skills, then this could be one avenue to explore. You might also supplement or replace existing training schemes for current employees?

Another option is to work in partnership with a recognised education/training provider to develop a course for both new and existing employees. While the government is giving particular help for those aged between 16 and 18, there is no age limit.

Team Talk

U-turns and elections

So we have another trip to the polls, this time in June for a general election. Whatever the outcome, there have already been consequences with a number of tax measures 'ditched' to allow at least some Budget legislation to pass before Parliament is dissolved.

The most notable of those ditched measures is the 'Making Tax Digital' (MTD) project. Many businesses and individuals will be delighted that these seemingly onerous and time-consuming requirements have been shelved... at least for a while.

We will, or course, keep you updated on developments so stay in touch by following us on Twitter, LinkedIn and Facebook and by downloading our App, over what could be a very interesting summer.

I hope you enjoy this edition of MBA and if you do have any feedback for us, please email me directly.



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A new era for Apprenticeships

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Beyond apprenticeships

Earlier this year, Bexley Council launched the Bexley Learning Skills Charter, which

aims to foster skills and opportunities that benefit local people and businesses. McBrides' partner Tanya Hamilton is a board member. She says: "I'm looking forward to working with fellow board members from education, local government and industry to maximise the learning

and employment opportunities on offer both here at McBrides, and more broadly in our community. We'll keep you posted on this encouraging initiative as it builds momentum. In the meantime, for more information on the Apprenticeship Levy, please see our fact sheet link below.

<http://www.mcbridesllp.com/uploads/intelligence/Apprenticeship%20Levy%20Fact%20Sheet%20-%20Mar%2017.pdf>.



Government calls time on 'Off Payroll Working' for public sector consultants

New rules for 'off payroll working' commonly referred to as IR35 or the Intermediaries Legislation, now forces public sector bodies to treat consultants as salaried workers unless they can show they fall outside of IR35 rules. McBrides' tax partner Terry Baldwin explains what this means, and who it affects.

In the past, the onus was on consultants to declare themselves outside of IR35 to avoid being taxed in the same way as permanent employees, and to conduct their business in a way that did not risk them being considered so. Now, from 6 April 2017 under updated legislation every public sector body must evaluate matters on a case-by-case basis to see whether the relationship between themselves and their consultant is one that looks like employment – and there are numerous indicators as to whether an individual is employed or self-employed. More and more, the Inland Revenue is

winning dispute cases because they place less emphasis on the written contract and look at what's actually happening in the workplace with the consultant. A clause in a contract for the sake of avoiding IR35 will not help if the public sector body believes that a consultant is caught by the new rules.

HMRC has launched an online tool called the Employment Status Service (ESS), (<https://www.tax.service.gov.uk/check-employment-status-for-tax/setup>) which is designed to help work out whether contractors fall within the IR35 rules such that they can challenge the public sector bodies' decision.

For intermediary businesses (agencies and 'umbrella' companies), there may be some additional admin costs if they have to operate PAYE on behalf of the public sector body. Indeed, it may cost more to engage the consultant as there's a good chance that consultants will raise their fees

in order to cover their larger tax burden. Employer's National Insurance will be payable and contractors will probably not be able to claim so much in travel and accommodation expenses from the client.

We expect these regulations to be rolled out to the private sector soon. The application of the new rules just to public bodies immediately creates a distortion in the market; public bodies who are not able to increase their rates to compensate consultants will find those consultants moving over to the private sector, and may be unable to fill important roles. The private sector could become awash with consultants looking for new engagements without the additional costs IR35 invariably brings.

Our advice to anyone who thinks this might affect them is:

1. Be aware of, and well-informed about, the new IR35 regulations.
2. Meet with your public sector clients/intermediary to ascertain whether current assignments will be reviewed.
3. Work out what increase in day rates you'll need to cover the increased tax costs and reduction in allowable travel expenses, if your engager insists that IR35 now applies.
4. Potentially seek other engagements in the private sector!

Fresh hope for small business finance

In 2015, of the 324,000 small and medium sized businesses seeking a loan or an overdraft, 26% were initially declined by their bank. Historically the majority of businesses seeking finance only ask one lender. If they are rejected for finance many give up on investment rather than seeking alternative options.

In November 2016, the government launched a scheme for small businesses

which have difficulty in obtaining finance from the larger banks in the UK. The scheme provides the business with details of alternative finance providers.

Under the scheme, the government requires nine of the UK's biggest banks to pass on the details of small businesses which have been rejected for finance to three finance platforms - Funding Xchange, Business Finance Compared and Funding

Options. However, businesses must give permission for their details to be shared.

The finance platforms will share the information on the consenting business with alternative finance providers in order to 'facilitate a conversation' between the small business and any finance provider who expresses an interest in them.

The Federation of Small Businesses helped to push for this facility and hope that it will bring more competition and choice in the finance market.

Tax relief for investors



Investors' Relief (IR) is a new tax relief designed to attract new share capital into unlisted companies. It was announced in the 2016 Budget as an extension to Entrepreneurs' Relief (ER) but the

potential beneficiaries of IR are different to the shareholders who are entitled to ER.

Both reliefs are similar in providing a 10% capital gains tax rate (rather than a 20% charge for higher rate taxpayers) for sales of shareholdings in trading companies. They also have the same upper limit, up to £10 million of lifetime gains can be made and be taxed at the preferential rate.

However, ER is aimed at shareholders who own at least 5% of the ordinary share capital of the company and are also officers or employees in that company whereas IR is designed for non-working investors. Late changes to the rules mean that IR may be given in some scenarios where an individual (or someone connected with an individual) is an 'unpaid director' or becomes an employee of the

company, but the new relief should be looked at by investors and companies seeking additional capital as an alternative to the Enterprise Investment Scheme (EIS) and the Seed Enterprise Investment Scheme (SEIS).

At first sight, EIS and SEIS look better from the point of view of the investor. These reliefs give income tax relief on the amount invested and a complete tax exemption from capital gains. IR gives no income tax relief and a 10% capital gains tax rate.

However IR may be far more attractive to companies seeking investment. EIS and SEIS are subject to many conditions including restrictions on the types of trades which qualify, the size of the company, how much can be raised, and how and when the monies are invested.

McBrides' expertise in your pocket 24/7!

In the last edition of Business Arena we announced the launch of our new improved app. In this first of a series of "How to.." articles we look at how to use the Mileage Tracker.

When it comes to managing expenses on the move, half the battle is keeping an accurate tab on your mileage so our app has a built-in mileage tracker to help solve

this common problem. It's incredibly easy to use, but there is a 'How to use' button just in case.

From the Home screen click on the Mileage Tracker button

Our app is free to download from the appropriate App Store on either iOS or Android.



Start Trip



End Trip

At the start of your trip press the green button, it gets hold of the GPS on your phone; it will now follow you around your journey, at the end of the journey just push the red button. The tracker then logs the locations, distances travelled and dates. It also gives you the option to enter a brief description of why the journey was made.



View Trips

Allows you to view all the trips you have made. You can then either email the details of each trip individually (or delete if no longer required) by clicking the icons in the top right and top left of each trip's details.



Export all Trips

This feature allows you to email a log of all your trips in spreadsheet form to an appropriate person, eg your secretary or bookkeeper. This will then allow you to add more narrative or amend as appropriate.



How to Use

Finally, if you are not sure how to use the tracker then clicking on this icon will provide instructions.



Independent Financial Advice

Whilst we continue to work with Colin Williams on Employee Benefits and Auto Enrolment matters, McBrides has recently linked up with Pole Arnold Financial Management Ltd to offer clients access to independent financial advice. We know the team at Pole Arnold well, having worked closely with them some years ago

and are delighted to give clients the opportunity to access their expertise again. We are looking forward to introducing them to you in the Autumn, via a number of client seminars and briefings. If you would like an earlier introduction, please contact Sharon Nissim, who will be happy to put you in touch.

Don't take your desks to the dump!

Bexley & Greenwich Hospice called round to Nexus House recently to collect a batch of our office chairs that were surplus to requirements following refurbishment of the meeting rooms. Under a great scheme that we have participated in since it started, some donations are re-used at the Hospice and the rest they sell on, with proceeds going back to the Hospice. We have another initiative coming up to support the Hospice and hope to be able to tell you about it soon ... so watch this space!



Nigel Ling Marathon Man!

Hats off to McBrides' Nigel Ling, who quietly and convincingly proved his endurance running credentials when he finished in the top 30 at the recent Manchester Marathon.

Out of nearly 9000 runners, Nigel finished 29th in a time of 2 hours 37 minutes and 15 seconds, averaging 16.1km/hour.

He says: *"Off the back of that run I've been picked to run for England in the Masters marathon in Chester in October - I'm pretty chuffed with that!"*



Boardroom Art

We are pleased to announce the launch of a new initiative entitled 'Boardroom Art' this June at our offices in Sidcup. This innovative project, led by partner Tanya Hamilton, will provide gallery space for a local artist for six months at a time.

The first artist to exhibit in the McBrides' boardrooms will be Kentish photographer Jason Dodd (www.jasondoddphotography.com). Some of you may recognise his work from last year's Budget Briefing.

Jason's private and commercial work is wide-ranging but he is known for his artistic motoring and architectural photography. Jason will be exhibiting his new work featuring London cityscapes in our main boardroom.

Jason was the official photographer for the 2007 Tour De France when it visited the UK, he is the photographer of choice for a number of leading companies and in 2008 his exhibition at Canterbury Cathedral was featured on the BBC. His book entitled 'A day in the life of Canterbury Cathedral' retailed through Canterbury and Waterstones book stores.

We hope to profile our boardroom artists as the project evolves and will share more details and Jason's pieces in the next newsletter.



We are looking for bright, friendly and talented people to fill vacancies in Accounts, Company Secretarial, Tax and Marketing. Some of these roles are Apprenticeships leading to recognised qualifications. They are open to people of all ages, not just youngsters, so may appeal to a whole range of people you know! Please take a look at our website for details, and do please pass them on. We'll give a bottle of bubbly to anyone who introduces us to a new employee. <http://www.mcbridesllp.com/careers-vacancies>