

Business Online



Autumn 2016 inside this issue...

- ▶ Spotlight on capital gains tax
- ▶ Understanding the new apprenticeship levy
- ▶ Are you sitting comfortably? Managing well-being in the workplace
- ▶ Business Round-Up
- ▶ Web Watch
- ▶ Reminders for your Autumn Diary



Cyber threats: protecting your business from internet attacks

The way the internet has permeated every aspect of business has brought significant opportunities and efficiencies, but it has also brought risks. Here are some of the key ways that you can protect your business against cyber threats...

A recent Government survey found that a quarter of all businesses detected at least one cyber security breach in the last 12 months, the most common being viruses, spyware or malware (68%), and breaches involving impersonation of the organisation (32%). The average estimated cost was £3,480 per breach, but in some cases an attack can be disastrous.

Cyber essentials

To help businesses protect themselves from common internet based threats, the Government has developed the industry-backed scheme 'Cyber Essentials'. Guidance aimed at small businesses recommends two initial ways that firms should tackle cyber security: getting the basics right, and adopting a risk management approach.

Cyber security: the basics

As an initial step, make sure you implement these simple protections and behaviours:

- 1 **Download software updates** – Download software and app updates as soon as they appear on your devices and computers.
- 2 **Use stronger passwords** – One tip for creating a strong password is to combine three random words to create a password that is both memorable and hard to guess (e.g. 'greenstarbulb'), as well as mixing upper and lower case letters, numbers and symbols.
- 3 **Always delete suspicious emails** – If in doubt, just delete unusual or suspicious emails, particularly requests for information or messages asking you to click on a link.
- 4 **Use anti-virus software** – Make sure you install anti-virus software on all your devices, including mobiles, and keep it up-to-date.
- 5 **Train your staff** – Provide full information for your staff regarding cyber security threats and how to deal with them.

A risk management approach

The risk management approach to cyber security comprises four key steps:

- 1 **Understanding the risks** – Consider what is at stake if you suffer a breach: money and IT equipment, information (from client details to trade secrets), and even your reputation. Think also about who poses the risk – malicious hackers and criminals, but also accidental security failures by employees – and about what forms a breach could take, whether it be malware sent by email or the physical loss of a laptop. What could be the potential damage to your business?
- 2 **Planning** – Ask questions such as: which information assets are critical to your business and what risks could they be exposed to? How could you continue to operate if your systems were attacked? What legal and compliance obligations does your business have?
- 3 **Implementing** – This involves putting in place security controls to protect your equipment, information, IT systems and outsourced IT services, and explaining responsibilities and best practice to staff.
- 4 **Reviewing** – Create processes for routinely reviewing the effectiveness of your controls and keeping up-to-date with information about the latest threats.

Further information about helping to guard your business against cyber threats is available on the Cyber Essentials website: www.cyberstreetwise.com/cyberessentials

Technology has become an indispensable tool in today's business world, and taking the appropriate action will help to safeguard your business now and in the future.



Spotlight on capital gains tax

Capital gains tax (CGT) made the headlines earlier this year when, to many people's surprise, the then Chancellor George Osborne reduced the rates for 2016/17. With this in mind, we consider some of the key features of the current system.

Q. How is CGT charged?

A. As a basic rule, CGT is charged on the difference between what you paid for an asset and what you receive when you sell it, less your annual CGT exemption (£11,100 for 2016/17) if this has not been set against other gains.

The rate of CGT payable on gains depends on the level of the individual's taxable income and gains for the tax year. Effectively, the rules operate by ensuring that any unused basic rate band (£32,000 in 2016/17) can be used in the most beneficial way to reduce the CGT charged.

The figure for total taxable income and gains is calculated after taking into account all allowable deductions including losses, personal allowances and the CGT annual exempt amount.

Q. What are the current rates?

A. Prior to 6 April 2016, CGT was charged at 18% where the individual was a basic rate taxpayer, or 28% to the extent that the individual was a higher rate taxpayer or the gains exceeded the unused part of an individual's basic rate band. However, in the 2016 Budget, the Chancellor announced that the 18% rate would be cut to 10%, while the 28% rate would fall to 20%. These changes came into effect from 6 April 2016.

Q. Do these new rates apply across the board?

A. No, the CGT rates remain at 18% and 28% for residential property gains, non-resident CGT gains, ATED-related gains and gains accruing under the carried interest rules.

Q. What about Entrepreneurs' Relief (ER) and the new Investors' Relief (IR)?

A. ER and IR may be available for certain business disposals and have the effect of charging the first £10 million of qualifying lifetime gains for both ER and IR at an effective rate of 10%.

IR applies where qualifying shares have been issued by an unlisted trading company on or after 17 March 2016 and have been held for a period of three years from 6 April 2016. Many other rules and conditions apply, so please speak to us first to ensure that you maximise any relief.

Q. How can I minimise my liability to CGT?

A. The good news is that there are a number of strategies that can help to mitigate a potential liability to CGT. Consider the following action points:

- ✓ **Transfer assets** – Is it possible to transfer assets to a spouse or civil partner or hold them in joint names? Holding an asset in joint names means the annual exempt amount for each individual (£11,100) is deducted from the gain before tax is due.
- ✓ **Make pension contributions** – Increasing your pension contributions could allow you to extend the limits of the lower tax rate band. Any gains realised from other assets are taxed in accordance with this extended band after allowances have been taken into account.
- ✓ **Utilise reliefs** – It is possible that reliefs could reduce a 20% CGT bill significantly. However, it is important to consult with us about the timing of any sale, and the CGT reliefs and exemptions to which you might be entitled.
- ✓ **Sell gradually** – Individuals with a particularly large gain may want to realise it gradually to take full advantage of more than one tax year's allowance, thus sheltering the gain from a higher CGT charge.

Please contact us for further advice relating to CGT.

Understanding the new apprenticeship levy

From April 2017, a new apprenticeship levy is set to be introduced for employers with pay bills of over £3 million per annum, in order for them to invest in apprenticeship programmes. The Government's stated aim is to generate additional, high-quality apprenticeships by the year 2020.

The new levy rate

Under the new regulations, a levy will be charged at 0.5% of an employer's pay bill. Only those employers with pay bills of £3 million or more per year will be required to pay the levy, which applies to employers throughout the UK.

However, to help employers manage the charge an allowance worth £15,000 (0.5% x £3 million) per year will be available. The allowance will accumulate over the course of a year, and will be provided to employers monthly in the form of a concession of £1,250. If a business has unused allowance at the end of the month, this will be carried over to the following month.

Calculating the pay bill

An employer's pay bill is based on the total earnings that are liable to Class 1 secondary national insurance contributions (NICs).

A business's earnings in this instance include remuneration or profit that arises from employment – this can range from wages, bonuses, commissions and any pension contributions on which NICs are paid.

An employer's levy must be calculated, reported and paid to HMRC via the Pay as You Earn (PAYE) system.

Making use of the money

The Government plans to establish a Digital Apprenticeship Service – an online system that employers will be able to utilise to search for potential apprentices, locate any relevant apprenticeship providers and pay any apprenticeship training or assessment bills using digital vouchers.

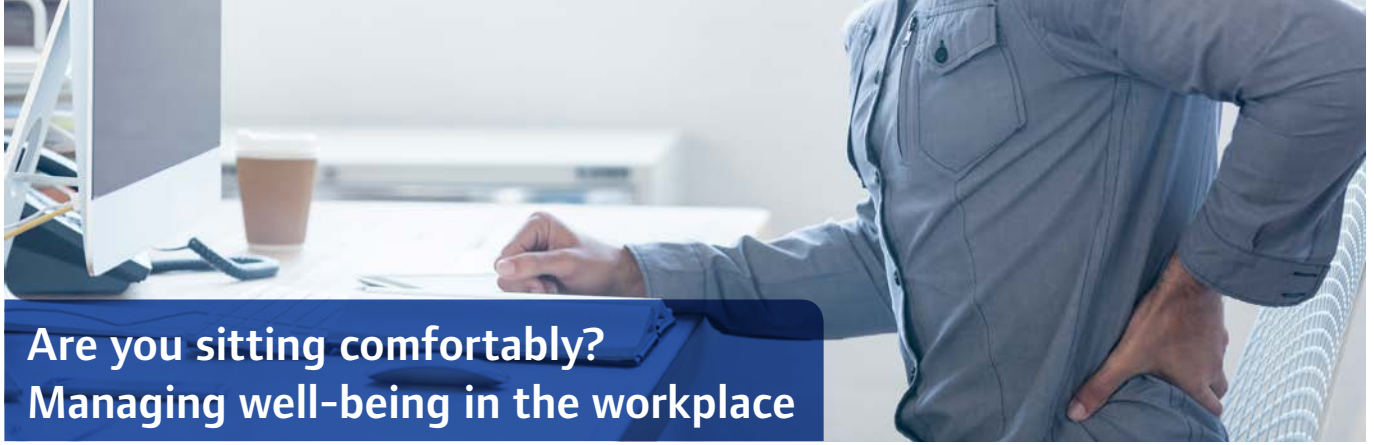
Please note that this digital service will only be available in England. Separate arrangements for Wales, Scotland and Northern Ireland are due to be put into place.

The Government anticipates that smaller businesses will be able to benefit from any leftover apprenticeship levy money that is not used by employers who are liable to pay the levy.

Will the levy apply to current apprentices?

Employers who recruit apprentices before April 2017 will be able to access funds for the duration of the employee's apprenticeship. Businesses will be able to choose from a range of options as to which training programmes and schemes they wish to offer to their apprentices, including both vocational and professional qualifications.

For information and advice on all aspects of running a business, please contact us.



Are you sitting comfortably? Managing well-being in the workplace

Taking steps to ensure the health and safety of your workforce is not only a legal requirement: effectively managing employees' well-being can also have a positive impact on morale and productivity, boosting concentration and motivation levels, and helping to attract and retain skilled members of staff.

A recent report outlined the need for employers to address a 'well-being vacuum' that has evolved within modern workplaces, with many businesses taking a reactive rather than a proactive approach. Here we consider some strategies to help encourage employee well-being in your workplace.

A healthy workplace

As an important first step, you should ensure that the working environment is clean, comfortable and free of potential hazards. As well as helping to minimise the risk of an employee falling ill or an accident occurring, putting such measures in place will help to ensure well-being and boost productivity.

You should consider all aspects of the working environment, from the layout of the office, to the noise and heat levels generated by equipment such as printers and radiators, potential hazards such as computer or telephone cables, and individual employees' seating arrangements. Conducting a risk assessment will help to highlight any areas of the business where things could be improved.

Mental health in the workplace

Beyond the immediate physical environment, effective stress management has become an important part of maintaining a healthy and efficient workforce. Mental health issues such as stress and anxiety are becoming increasingly recognised by businesses, and can significantly impact on employees' physical health. Work-related stress accounts for millions of lost working days in the UK every year. Managing stress in the workplace should be part of your business strategy, and staff should be encouraged and supported

in minimising their stress levels with some simple steps, for example:

- **Effectively managing time** – Creating a balanced work schedule, which accounts for all tasks and responsibilities, can significantly reduce stress levels
- **Taking regular breaks** – As well as reducing physical stresses on the body, taking regular breaks from a computer or workstation can help to refocus the mind
- **Prioritising the workload** – Particularly helpful in times of pressure, creating a priority list can help to ensure that you complete the essential tasks first
- **Being open to compromise** – Be open and willing to alter the way in which you contribute to a particular task or work towards a deadline, including delegating work to others where appropriate.

Dealing with staff sickness

Employee sickness can be detrimental to all parties, having a knock-on effect on other members of staff and the business as a whole. As well as putting in place a sickness policy outlining the procedures an employee should follow if they are unwell, you should have contingency plans to cover any work in their absence. For cases of long-term sickness, businesses should consider measures to help support the individual back to work, such as reduced hours, amended duties or remote working. To help keep sickness levels to a minimum, you might also consider offering the flu vaccine to employees.

Your well-being strategy checklist

- **Creature comforts:** is the working environment comfortable, with noise, lighting and temperatures set at appropriate levels?
- **Shipshape:** are workstations and other areas clean, tidy and hazard-free?
- **Healthy eating:** a good diet can help to boost well-being. If you provide your staff with a canteen or other eating facilities, you might consider including healthy snack options
- **Have a break:** are staff able to take regular breaks, away from their workstations?
- **An open policy:** do staff feel able to approach managers regarding their well-being?
- **Posing the question:** consider asking staff to report on their health and satisfaction levels
- **Time for fun?** Arrange a communications day with some fun activities to help staff to relax and to improve team bonding.

Sickness is an inevitable and often uncontrollable part of life. However, by ensuring that you monitor your workplace well-being strategy, and by working with your employees, you can help to minimise the long-term effects on both your staff and your business.






Business Round-Up

Chancellor suggests new approach to fiscal policy

The UK's historic vote to leave the European Union resulted in significant political and economic uncertainty, with both the Prime Minister and the Chancellor leaving office, and business groups calling for action to help stabilise the economy.

Shortly after the result, HMRC issued a message to taxpayers pointing out that in terms of tax rules, for the time being it is 'business as usual' – highlighting the fact that no laws had actually changed as an immediate result of the referendum.

In a recorded message on its helpline, HMRC stressed that there were no changes to taxes, tax credits, child benefit or other HMRC services.



However, since taking up his role the new Chancellor Philip Hammond has indicated that the Government could take a new approach to fiscal policy, reducing its previous focus on austerity – and leading many to anticipate that significant changes to the tax system could be unveiled in the Autumn Statement.

We will keep abreast of any new measures that could affect you and your business, and will continue to assist with your tax and financial planning needs, both now and into the future.

New company requirements come into effect

New company legislation recently came into effect, requiring all UK private companies and UK LLPs (with limited exceptions) to create and maintain a register of 'persons with significant control' (PSCs) and file relevant information annually with Companies House.

The information will be held in a public register, with the stated aim of increasing transparency in the ownership and control of UK companies and helping to combat money laundering.

Meanwhile, the annual return has been replaced by a new 'check and confirm' process, in which companies supply a confirmation statement stating whether the information remains up to date.

The PSC register must be updated on an ongoing basis, either by entering the information when the annual confirmation statement is made, or by electing to hold your own register at Companies House and updating this register in real time.

Companies must ensure that their own PSC register is available for inspection at their registered office address, or provide copies if requested to do so.

For more information on the PSC register, or to discuss your company secretarial requirements, please contact us.

Web Watch

smallbiztrends.com
Provides news and resources for small business owners.

www.hrreview.co.uk
Supplying businesses and individuals with HR advice and information.

www.smallbusiness.co.uk
Offers business advice and guidance to sole traders and small businesses.

www.managementtoday.co.uk
Up-to-date business news and features spanning a variety of topics.



Reminders for your Autumn Diary

September 2016

- 1 New advisory fuel rates for users of company cars applicable from this date.
- 30 End of CT61 quarterly period.
Last day for UK businesses to reclaim EC VAT chargeable in 2015.

October 2016

- 1 Due date for payment of Corporation Tax for period ended 31 December 2015.
- 5 Individuals/trustees must notify HMRC of new sources of income/chargeability in 2015/16 if a Tax Return has not been received.

- 14 Due date for income tax for the CT61 quarter to 30 September 2016.

- 19/22 Quarter 2 2016/17 PAYE remittance due.

- 31 Last day to file 2016 paper Tax Return without incurring penalties.

November 2016

- 1 £100 penalty if 2016 paper Tax Return not yet filed. Additional penalties may apply for further delay (no penalties if online return filed by 31 January 2017).
- 2 Submission date of P46 (Car) for quarter to 5 October.