Winter 2018/19

Financial and business intelligence

SHIPSHAPE

Going green

Reducing the cost of sustainable business

Also in this issue:

- Making Tax Digital for VAT
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- Fraud – don't be a victim!
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- Are trusts still relevant?

shipleys LLP

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Shipleys LLP is a firm of chartered accountants and business advisers. *Shipshape* is our regular newsletter for clients and contacts.

If you have any suggestions for topics you would like to see covered in *Shipshape*, or have any comments about its content, please contact Stuart Dey or Clare Schorah at our London office.

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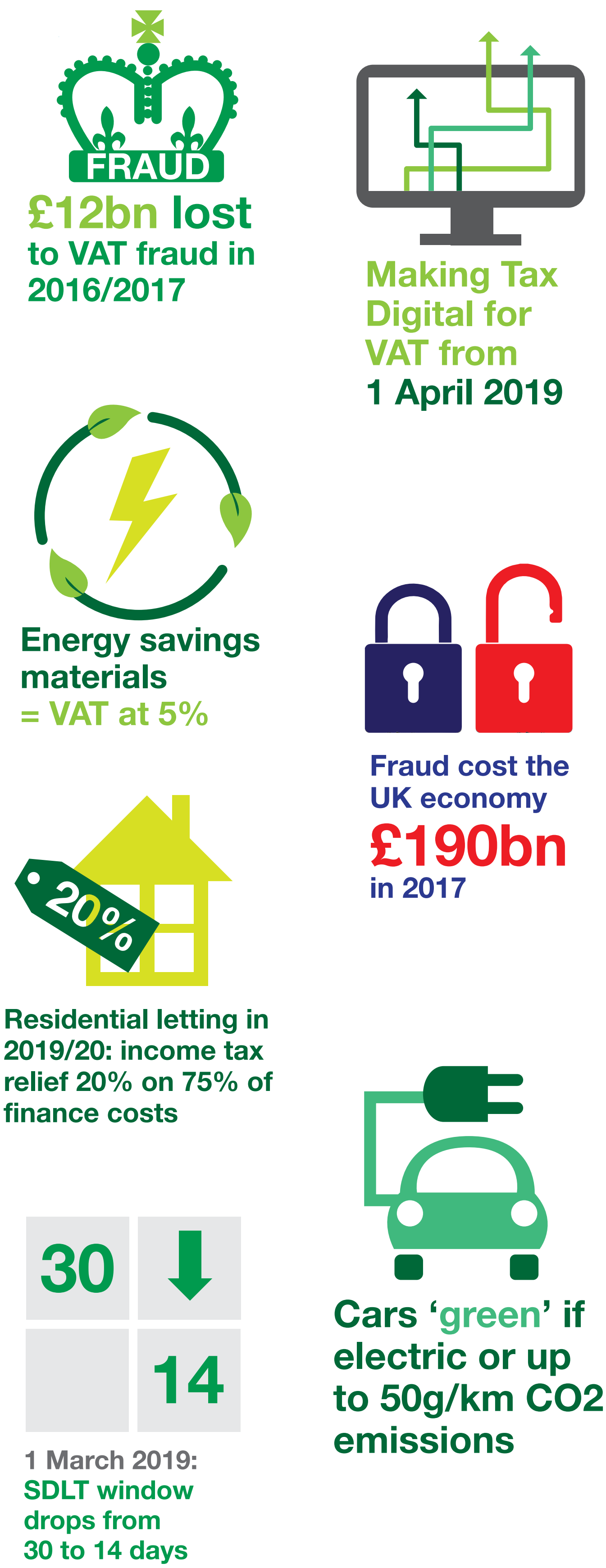

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Do you know where you're going to?

As I sit and type this the American electorate is going to the polls to deliver their critique of the first two years of Trump's Presidency. Here in the UK the news is full of conflicting signals about the Brexit negotiations, with 21 November down as a marker in the sand. We've been there before though, I believe!

Nobody knows what Brexit means for the UK yet, but it certainly feels like people are holding off making investment decisions and updating their business plans. This has been compounded by the trading headwinds caused by current trade policy in the US.

Any deal, if indeed there is one, is likely to be struck at the last minute and that of course loomed large in October's Budget. While tax revenues have been encouraging and the economy has been performing better than had been anticipated, it still isn't clear whether the country is going to benefit from any Brexit dividend or suffer a financial 'black hole'.

Class 2 NICs approx **£153** a year in 2018/19

The recent Budget provided a bit for everyone with some small bunnies pulled from the hat rather than a couple of big rabbits. Visit our website for our full review of the Budget or see our brief report on page 5.

Gone phishin'

The latest figures show that as much as £12bn in government revenue is lost each year as a result of fraudulent VAT activity. We spotlight some of the scams and offer advice on how to prevent fraudsters from hijacking your VAT number to commit crimes.

Fraud is a growing issue costing the UK economy a staggering £190bn a year – that's more than the Government spends on health and defence combined.

The key message is that nobody can afford to sit on their hands. Everyone should be investigating ways to protect themselves from fraud and deploying them as soon as possible. Good communication is just one of the best defences, as discussed in our article on page 3.

Brexit day:
29 March 2019

Staying on the theme of VAT, HMRC will soon be sending out letters to all VAT-registered businesses 'encouraging' them to get ready early for Making Tax Digital (MTD). The most important thing is to ensure that your accounting system is fit for purpose. See page 2 for some myth-busting around MTD.

Cover me

As HMRC becomes more sophisticated in terms of data collection and analysis, it's freeing up more time to increase the level of tax enquiries it carries out. Luckily you can gain some peace of mind by using our Fee Protection Service. For a fixed annual charge, we'll deal with any HMRC enquiries that may arise and you won't have to worry about meeting the bill for dealing with it. If you already opt for this service, don't forget that the renewal was due on 1 November.

For more information please visit *https://bit.ly/2QHALSi*

Heatwave

Global warming is back on the agenda following the release of the recent report by the Intergovernmental Panel on Climate Change (IPCC). It argues that the effects of climate change could be irreversible without drastic action to limit global warming to 1.5°C. This requires "rapid and far-reaching" changes in land, energy, industry, buildings, transport and cities.

You've probably also seen the disturbing images of the plague of plastic waste that's polluting seas, oceans and rivers across the world from the North Pole to the Antarctic.

Is there anything we can do to make a real difference?

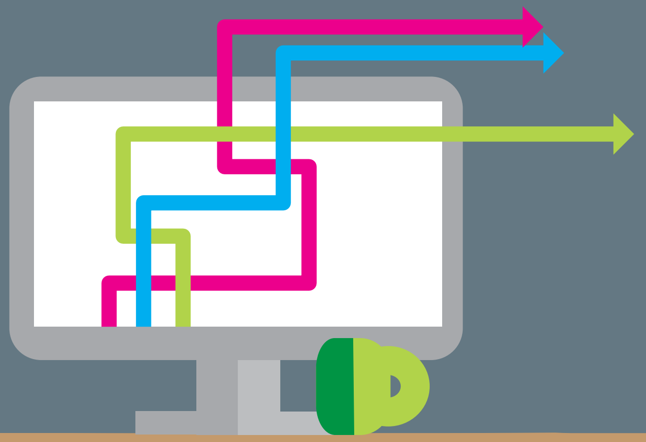
The answer is yes. In one such example from an industry we know well at Shipleys, Bafta is embracing the green agenda through a scheme called 'Albert'. This helps TV and film production companies measure how they're reducing their impact on the environment and awards what is effectively a green Kitemark to productions that meet certain sustainability criteria.

For our part, I'm pleased to say *Shipshape* now goes out with a compostable plastic cover and inside this issue we explore how you can be greener while saving money – surely a win-win for everyone?

Our feature on page 4 explains how tax relief is available on capital allowances for certain types of 'green' expenditure.

And in our regular VAT feature we highlight VAT's green credentials, which include tax breaks to encourage environmentally-friendly business practices.

Enjoy the read.



Busting the myths around Making Tax Digital for VAT

Making Tax Digital (MTD) is the Government's initiative to digitise the tax system. It's aimed at making it easier for individuals and businesses to get their tax right and stay on top of their tax affairs. But what does this mean for VAT?

MTD for individuals is currently on the back burner, with no firm timetable for implementation. However, HMRC is pressing ahead with MTD for businesses and this consists of two components: VAT and corporation tax. MTD for VAT will take effect from April 2019, but there isn't a firm date for corporation tax yet.

Here are the facts – and some common misconceptions.

MTD for VAT applies to all businesses Wrong – not yet!

MTD for VAT will be mandatory for VAT periods starting on or after 1 April 2019 but only for VAT-registered UK businesses with more than £85,000 of taxable supplies.

Detailed transactions must be submitted with VAT returns Wrong – this is an optional requirement for now

You have the choice of whether or not to submit detailed transactional data along with your VAT return but so far HMRC has not published details of what this should consist of. HMRC could make this mandatory in the future.

I will need special software from April 2019 to make MTD submissions Correct

To make an MTD VAT submission you have two options.

1. Keep your records on MTD-compliant accounting software and make the submission using that.
2. If you keep your records another way (on Excel, for example) then you can use stand-alone specialist software to make the MTD submission, as long as the link between your records and the standalone specialist software is digital.

It will be acceptable to use several software programs that together make up your digital VAT records but it will be mandatory for the links between those programs to be digital. So no rekeying or copying and pasting!

Records have to be kept digitally Correct – although HMRC has not defined exactly what this means

Most businesses keep their records in an accounting package anyway, and those that don't will most likely benefit from moving to one. However, 'digitally' simply means 'electronically' so if you kept your accounting records on an Excel spreadsheet then that would appear to be compliant.

There are some mandatory requirements and further information can be found in the recently published HMRC VAT Notice 700/22. Visit: *https://www.gov.uk/government/publications/vat-notice-70022-making-tax-digital-for-vat/vat-notice-70022-making-tax-digital-for-vat*

It's clear that HMRC doesn't expect you to keep manual records for your accounts going forward.

Please note that this only applies to VAT at this stage.

VAT returns can be submitted through HMRC's website after April 2019 Wrong

Even though the information HMRC will receive is exactly the same, you will no longer be able to make submissions using the Government Gateway HMRC website. You will have to use specialist MTD-compliant software.

HMRC has been working closely with the software industry and has published a list of the software suppliers that support MTD: *https://www.gov.uk/government/publications/software-suppliers-supporting-making-tax-digital-for-vat/software-suppliers-supporting-making-tax-digital-for-vat*

Fraud – don't be a victim!

Fraud can have devastating repercussions, so make sure it doesn't happen to you or your business.

Fraud cost the UK economy £190bn last year, according to research by Experian. It's a staggering amount of money – more than the Government spends on health and defence combined.

Protecting your business

Almost three-quarters of fraud happens in the private sector, so if you're running a business it's vital to consider the following.

Know your business inside out
This includes understanding the risks relating to your staff, products or services and customers and what your legal and regulatory obligations are. This will help you detect when something isn't right.

Understand who you're doing business with
This will help identify when a seemingly ordinary business request or transaction looks out of the ordinary and could potentially be fraudulent.

Test it
Think about how a fraudster might target your business from inside and out and test the systems you have in place to reduce your risk. Make sure everyone knows how the systems work and review them regularly.

IT
Make sure your business technology is protected against cyber-crime. Back up your systems regularly in case something goes wrong.

Payments
Think about how money leaves your business – including who has authority to make payments and who checks they're legitimate. It sounds simple, but make sure you always check your bank statements.

Property
Make sure laptops, computers, smart phones and intellectual property are secure and protected. Keep and update inventories and check your insurance cover.

Protecting yourself

We all need to be vigilant on a personal level too. The Financial Conduct Authority and the Pensions Regulator have launched a TV advertising campaign to warn about pension scams to raise awareness of the most common tactics used by fraudsters.

Pension scams often involve people being persuaded to transfer or cash in their pension pots and put the money into exotic-sounding investments. These scams have been around for many years but have really picked up since April 2015 when the Government introduced reforms giving over-55s more freedom to cash-in their pensions.

If you're dealing with a firm offering pension investment advice, you can check here to see whether they're authorised by the regulator: *https://www.fca.org.uk/scamsmart*

Some other current scams to be wary of include:

'Get rich quick' schemes
Bogus investments in mining and trading cryptocurrencies like Bitcoin.

Post-Brexit scams
Fake investment opportunities playing on fears about Brexit. For example, fraudsters may email you, warning that Brexit will affect your savings, and urging you to move them urgently into a seemingly plausible, but actually fake, investment product.

Money mules
Often students recruited via social media to inadvertently launder money. They receive the stolen funds into their account, and are then asked to withdraw it and send the money to a different account, often overseas, keeping some of the money for themselves.

How to stay in control

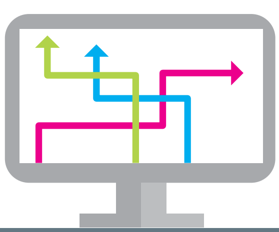
- Don't assume that a professional-looking website or social media post is a genuine investment opportunity.
- Don't rush into making decisions about investments.
- Get independent advice and thoroughly research companies you're thinking of investing with.
- Be sceptical – if it sounds too good to be true, it probably is.

If you're dealing with HMRC – their guide to scams and phishing is available here: *https://www.gov.uk/topic/dealing-with-hmrc/phishing-scams*

If you do become a victim of fraud or cybercrime report it to Action Fraud, the UK's national fraud and cyber-crime reporting centre: *https://www.actionfraud.police.uk*

I need to act now? Possibly

If this will affect you in April 2019, it's worth looking into your options now so that you don't get caught out.



If you're using accounting software

Ask your software provider what it's doing about MTD. If you're on a subscription, it's likely you'll receive the latest version of the software, and if you're with a large provider, it's likely it'll be MTD-ready. If you purchased your software as a one-off some time ago, it won't be ready for MTD unless you upgrade.

If you're not using accounting software

There are lots of software providers to choose from and we can help you select the right one. Most cloud providers allow you to pay a modest monthly subscription rather than a large one-off cost.

Cutting the cost of 'green' business

Capital allowances can reduce the amount of tax you pay when you buy energy efficient, low or zero-carbon technology for your business. It was announced in the Budget that two categories will close soon, so there is limited time left for those.

Businesses are allowed to write off investment in plant and machinery against their profits as capital allowances.

For most equipment, other than cars, the whole of the first £200,000 can be written off by the annual investment allowance (AIA). The balance can be written off more slowly at 18% a year.

For smaller businesses the limit on the AIA rarely has an impact, but for larger businesses and those investing heavily it can be a restraint on their capital allowances claims.

If your business is investing in green technology, you may be able to claim first year allowances instead of the AIA. For cars this will be instead of the writing down allowance. For most purposes the tax effect is the same, but these allowances do not use up the £200,000 AIA limit.

As a result, allowances can potentially be claimed much earlier, which can be good for your cash flow. For cars, it makes a big difference to the timing of allowances. There are a number of categories of qualifying 'green' expenditure. Here are some examples.

'Green' vehicles

Cars qualify as green if they're electric or low-CO_2 emission (currently 50g/km). This will apply up to the end of March 2021, although the g/km test may vary.

Goods vehicles qualify only if they're zero-CO_2 emission, up to the end of March 2021.

Until the end of March 2019, new plant installed to charge electric vehicles can qualify.

Equipment for a gas refuelling station (natural gas, biofuel or hydrogen) will also qualify, up until the end of March 2021.

Energy-saving plant and equipment

There is a long list of government-approved items that qualify as energy-saving plant and machinery. These include boilers, combined heat-and-power, lighting, motors, refrigeration systems, automatic monitoring systems, heat pumps, solar thermal systems, high-speed hand dryers and uninterruptible power supplies. This category currently has no end date.

It is worth nothing that anything that generates a feed-in tariff payment or similar does not qualify.

For the full list of approved items, visit: *www.gov.uk/guidance/energy-technology-list*. This category will end on 31 March 2019 for companies and 5 April 2019 for other businesses.

Environmentally friendly plant and machinery

This category applies to technology or products to remedy or prevent damage to the environment or natural resources. Any equipment has to meet specific environmental criteria, which so far are all water-based. Types of equipment include flow controllers; efficient taps, toilets, showers and washing machines; grey-water recovery systems; meters; leakage detection systems and rainwater harvesting systems. This category will end on 31 March 2019 for companies and on 5 April 2019 for other businesses.

Consider your options

If your business uses up its annual AIA of £200,000 or if you're buying cars, it's worth considering whether you could qualify for first year allowances instead.

Alternatively, you may be able to change things to bring some expenditure within the categories that qualify. This would give you a 100% deduction in the first year instead of having to write it off slowly at 18% a year. In the case of cars it could also mean a much lower benefit-in-kind tax charge for employees that use them.

Comment and analysis

The Budget

We couldn't let this issue of *Shipshape* go by without mentioning the recent Autumn Budget statement in which Philip Hammond claimed that the era of austerity is coming to an end.

As always, members of Shipleys' tax team gathered to watch the Chancellor deliver his Budget as it was being broadcast on television. They worked throughout the afternoon and evening to produce our Budget Highlights and the Budget Summary booklet that many of you will have received in the post. It was a long day that only finished when the booklet went to print in the early hours of the next morning.

In these days of 24 hour news, internet and social media, we know that information is at your fingertips. Shipleys' Budget Summary is our take on some of the issues likely to affect our clients and contacts.

Among the positive announcements for businesses and individuals, our standout highlight was that from April 2019 the Government is bringing forward by one year increases in the personal income tax threshold to £12,500 and the higher rate band to £50,000. If you're a 40% taxpayer who gets the personal allowance, you could be almost £1,000 better off each year.

For more highlights and a pdf of our summary visit: *https://bit.ly/2zOod48*

If you would like a hard copy of the Budget Summary, please email your name and address to Marlene Wallace at *wallacem@shipleys.com*

Mind your own business

Networking: How to get talking to new people

In the previous edition of *Shipshape* we looked at the importance of choosing events wisely and preparing for them in advance. This time here are some tips on how to get talking to new people.

Keep your ears open

At any networking opportunity it pays to have a few topics in mind that you can talk about. But it's just as important to be ready to listen. Broadly speaking, you'll be there to make new connections and the best way is to find out how you can help people. This isn't going to be achieved by waffling on about yourself – even if you are a renowned raconteur.

Taking the plunge

This is the bit most people find challenging, but there are some easy options.

- Chat to the people at the reception desk and then introduce yourself to the next person to arrive (once they've registered).
- If drinks are 'help yourself', go to the drinks station and take time to get your drink, then offer to pour or pass one to the next person who approaches.
- Catch the eye of the host and thank them for inviting you. Even better, ask them to introduce you to someone you'd particularly like to meet.
- Go up to anyone standing on their own. If you approach someone who is checking their phone they'll probably be very keen to speak and immediately forget about that email. People who really do have something urgent to attend to will usually retreat to a corner and turn their back on the room. In which case, leave them to it!
- Saying hello to someone you already know is a good backup plan. While it's useful to touch base with your existing contacts, meeting new people is your main goal. Find out about new people in the circle and be alert to letting other people join in the conversation. Don't get too settled though. After a while move on and talk to someone new.

In the absence of an easy option or once you're settled, look for an open group – where the participants aren't in a tight circle looking inwards.

Approaching your target

It's worth doing a few minutes of preparation before the event to identify people who will be there that you'd like to meet, such as by looking at LinkedIn profiles or company websites. Remember that everyone in the room is there to network, so why not with you?

Once you've identified a target group, get close, ideally to the side, but without invading their personal space. Make eye contact with the person who is just finishing speaking and smile, offer a good handshake, ask permission to join them and introduce yourself with just your first name. Either listen in to the existing conversation or open with a few easy small talk questions (see below).

Crucially, make a big effort to catch their name and use it in the small talk.

Small talk ideas

Remember that your purpose is to find out about other people. It's important to speak less and listen more. Classic topics include:

- Their journey to the event
- Reason for attending/relationship to the organisers – who invited them
- The venue, food or drink
- What's in the news – check online for the latest headlines
- Sport – especially current or very recent events
- Holidays
- The weather
- Hobbies
- Popular culture – TV, cinema, theatre, exhibitions, etc

Small talk should be about building rapport. Don't go straight in with questions about what people do and what help they need.

We'll discuss turning the conversation towards business matters in our next edition.

Changes from Spring 2019

A first draft Finance Bill, which will become the Finance Act 2019, was published in July. More clauses emerged with the Chancellor's Budget Statement on 29 October.

Some tax changes being introduced next year are highlighted below, including some of the potential effects of Brexit.

Mandatory disclosure rules (DAC6)

These will apply to cross-border reportable arrangements if the first step was after 24 June 2018, although legislation (expected in the Finance Act 2019) will not apply until perhaps 1 July 2020.

The Anti-Tax Avoidance Directive after Brexit

The EU's Anti-Tax Avoidance Directive (ATAD) is intended to apply minimum standards of anti-avoidance legislation across the EU, with the first elements to be reflected in member states' domestic law by 31 December 2018. The UK will be required to conform with the directive until it leaves the EU (and potentially afterwards, depending on the final withdrawal agreement). As a result, changes are proposed to UK legislation regarding controlled foreign companies (from 1 January 2019), hybrid mismatches and exit taxation (from 1 January 2020).

Other tax effects of Brexit

Some possible unusual tax liabilities, which may prove typical, have been identified for Spain and Germany.

UK residents who own homes in Spain who lose their status as EU/EEA residents will not be entitled to deduct property costs from their rental income for tax purposes. They will be charged tax at 24% on gross rents, rather than 19% on net rents. Other Spanish taxes will also be more burdensome.

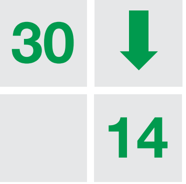
A UK person who has been resident in Germany but moved back to UK retaining an interest of at least 1% in a corporation (anywhere in the world), which increased in value while a German tax resident, is liable for German tax at up to 30% on the virtual capital gain. However, this tax liability is postponed indefinitely for EU/EEA residents. After Brexit this tax might become due and have to be paid immediately.

In some cases Brexit will result in a withholding tax on dividends where it is not required now.

Certain UK tax reliefs concern the European Commission because they require the companies involved to carry out their business activities wholly or mainly in the UK. The UK may be required to amend them to change the reference from UK to EEA. There is income tax relief for losses on disposals of shares and tax relief where a loan to a trader has become irrecoverable. Post-Brexit, this may become irrelevant.

Stamp duty

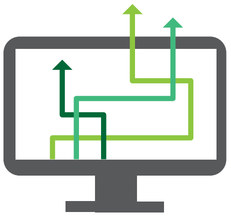
From 1 March 2019 the stamp duty land tax (SDLT) filing and payment window will fall from 30 days to 14 days.



Making Tax Digital for VAT

From 1 April 2019 Making Tax Digital (MTD) will apply for VAT to all VAT-registered traders. It will be available on a voluntary basis to other businesses, for both VAT and income tax. For more on this, see the article on page 2.

Corporation tax instalments will be accelerated for large companies' and groups for accounting periods starting on or after 1 April 2019.



5 April

This will be the last chance for non-doms to 'cleanse' their offshore bank accounts.

Last chance to repay loans classified as 'disguised remuneration'. Unpaid debts will be taxable as income for 2018/19.

Residential property lettings

Income tax relief will be limited to 20% on 75% of finance costs on residential property letting in 2019/20. From 6 April 2020 the limit will apply to all such finance costs.

VAT corner

Non-residents' gains in disposals

Tax will be charged on non-residents' gains on disposals of UK land or interests in other 'property-rich' assets (such as companies) after 5 April 2019, limited to the gain over market value on 5 April 2019 if held on that date. It will apply to these other assets if:

- they derive at least 75% of their value from UK land (unless the land is used in the company's trade), and
- the person making the disposal had a 25% or more interest, or had such an interest in the two years ending with the disposal.

Tax on a gain is to be paid and reported within 30 days of a disposal.

Entrepreneurs' relief

Entrepreneurs' relief can be retained on a gain already accrued but not realised, when a company issues further shares after 5 April 2019 so as to reduce an investor's holding below 5%.

Income tax in Wales

Separate income tax rates will apply for Welsh residents from 2019/20. The rates are not yet known.

NICs

From 6 April 2019 it's possible that National Insurance Contributions (NICs) will be chargeable on payments in lieu of notice.

NICs for the self-employed

The Government has decided not to abolish Class 2 NICs, which had been due to come into effect from 6 April 2019. It will therefore still be possible for those with modest self-employment income to secure added state pension rights by volunteering to pay flat-rate Class 2 NICs (around £153 a year at 2018/19 rates), rather than the much higher Class 3 (£762 a year). This will also benefit certain non-residents.

The greenish tax?

VAT isn't known for having particularly green credentials but it does have a bit of a social conscience.

This is most visible when looking at sectors such as food, children's clothing, education, welfare and health where there are very specific reliefs.

What is less well known is that there are some reliefs aimed at encouraging the use of 'energy saving materials' where the 5% rate can be applied rather than the full 20%. Of course, as this is VAT law, the reliefs are restricted and only apply to the following.

- 'Supply and install', which means you won't get the relief if you buy the goods from one company and then install them yourself or arrange for a different company to perform installation.
- A very specific list published by HMRC, which covers the main items you would expect to see such as solar panels, wind turbines and water turbines. VAT Notice 708/6 on the HMRC website provides the full list.
- Installations in dwellings and other buildings that provide places for people to live such as care homes.

Energy savings materials
= VAT at 5%

The items on the list are strictly interpreted. For example, relief applies to the supply and installation of loft insulation but not to installation of a thermally-efficient replacement roof as decided in a recent VAT Tribunal Case, *HMRC v Wetheralds Construction*.

There's also a relief for the grant-funded installation of heating equipment. But this is not confined to energy-saving heating systems so isn't really a 'green' relief.

Watch out for fraud

The fact that there are fewer headlines around VAT fraud than there were a few years ago might suggest that the situation has greatly improved.

The reality is that a significant amount of VAT revenue continues to be lost each year. The most recent estimate is that £12bn was lost in the 2016/17 tax year, with the largest part of this believed to be the result of systematic fraud such as so-called carousel fraud.

The introduction of a reverse charge for mobile phones and computer chips put a dent in VAT losses but the fraudsters simply moved on to other sectors. This is why the reverse charge was extended to cover wholesale gas, wholesale electricity, emissions allowances and wholesale telecommunications.

Don't get caught out

HMRC manages to catch many fraudsters but innocent bystanders often get caught in the crossfire. If you're offered a deal that sounds too good to be true then the chances are something may be amiss.

This type of fraud relies on the use of a valid VAT number. So make sure your VAT number is not mis-used and if you're dealing with a new customer or supplier make sure the VAT number is valid and actually belongs to them.

You can check VAT numbers by phoning the HMRC VAT helpline or online using the VIES system at *http://ec.europa.eu/taxation_customs/vies/vieshome.do*

Getting communities active

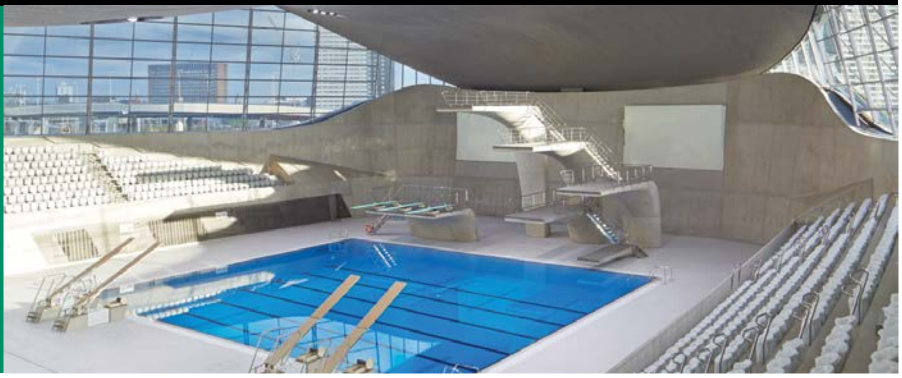
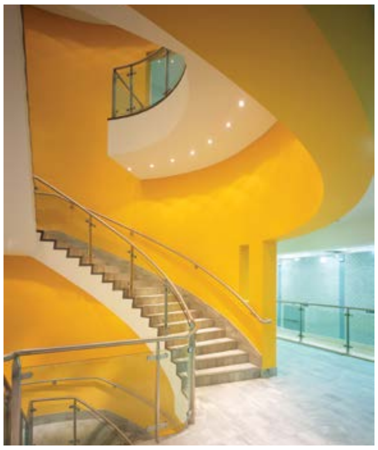


Image: ©Hufton+Crow

Keith Ashton, CEO of SPACE&PLACE, talks about the challenges of Brexit and how his business is helping improve the health and wellbeing of communities around the UK.

Photography by Charlotte Woods©



Sports and leisure specialist SPACE&PLACE is a firm of architects, engineers, designers and consultants creating inspiring spaces and places that encourage communities and commercial workforces to be more active and engaged.

"Within our specialist market, we're the UK's number one at what we do. That gives us an easier stretch into other sectors that might want the same outcomes. For example, creating work space for businesses that have an emerging focus on workforce wellness," says Keith. "We also do some work on residential, film studios, transport hubs, theatres and education."

Working with the legendary Zaha Hadid, the company designed the London 2012 Aquatics Centre. It also worked on the Olympic Games in Athens and has advised on various other large events, particularly in aquatics.

With around 60 employees the company has offices in Glasgow, Manchester and London as well as smaller spaces in Northern Ireland and in the South West.

Brexit buffer

Keith feels that the Brexit affair has not been easy for UK architects.

"We used to get between 10 and 20 amazing CVs coming through from Europe each week, but since the Brexit vote we now get far fewer. More than half of our workforce is European and equal pan-European standards allow us to ramp up qualified workforce numbers quickly to suit project needs."

Keith says the flow of skilled people has almost completely dried up and that some of its European workforce decided to go home. He says their only option to ensure a good supply of staff was to set up an office outside the UK. They chose Portugal as a significant number of their people are from there. "On some projects, it's the first-language in the London office!"

Shipleys put SPACE&PLACE in touch with a fellow AGN member firm based in Portugal, which helped it set up a company and office in Lisbon.

"It took a lot of effort and it was a big commitment for a small company like ours to set up a Portuguese company," says Keith. "The Portuguese tax authorities have certainly been an unintended beneficiary of Brexit as far as we are concerned!" "Fortunately, our investment in technology allows us to operate from anywhere."

Currency fluctuations

Keith says SPACE&PLACE is seeing better growth in other European economies. It has also had to deal with the devaluation of the pound, which has increased the cost of construction in the UK.

"A third of any building cost is subject to currency fluctuations and some clients have held back development because of all the uncertainty over Brexit."

Leading the way

Aside from the issues around Brexit, Keith says both the company's biggest challenge and opportunity comes from the fact that local governments don't have a statutory requirement to provide sport facilities.

He explains that much of SPACE&PLACE's work has become about improving health and wellbeing outcomes for whole communities, particularly in less affluent areas, looking at everything from transport policies to passive urban design that nudges communities to be more active.

"We've been at the forefront of working out how to still provide facilities but fund it differently. The Government is finally waking up to the fact that it needs to focus on preventative healthcare and we're well placed to help drive that."

"We need to get society more active. A lot of the UK's sport infrastructure is pretty poor so we lobby the Government around intelligent investment. We improve the business case – it may have been a half million-pound subsidy per location but we can turn that into a million-pound surplus."

"Design has become only a small part of what we do. We're just as likely to be looking at operator P&L models and outcomes as we are to be looking at whether something is made of brick or concrete."

A helping hand from Shipleys

The company has been working with Shipleys for the last 13 years.

"Simon Robinson and his team do our year-end accounts and provide payroll services. More importantly they also give sensible and intelligent financial and strategic advice and mentor us through with those unusual issues that occasionally arise."

www.space-place.com

Shipleys news

Welcome back David Hartles

We are delighted to welcome David Hartles back to Shipleys as a principal in the tax department. David is a private client and trust tax specialist who worked at Shipleys between 2015 and 2017, before a two-year stint at HW Fisher & Company as a private client principal. We look forward to working with him again.

Resident VAT expert

Our VAT specialist Nancy Cruickshank recently shared her VAT expertise at the AGN conference in Edinburgh and as a council member for the Association of Taxation Technicians (ATT).

At the AGN Conference she presented one of the tax technical sessions covering land, property and construction and a general practice session about GDPR.

Nancy attended ATT council meetings in July and September and the president's lunch at the Clothworkers' Hall. She was also co-opted on to the professional standard joint committee of the Chartered Institute of Taxation.

Tough Mudder

A brave contingent of Shipleys staff recently took part in a Tough Mudder event. It was a great experience for everyone involved – they helped each other through obstacles and had lots of fun in the process. Here are the before and after pictures.

Macmillan Coffee Mornings

On 28 September, our offices in Godalming and London hosted Macmillan Coffee Mornings. Not only did we get to enjoy lots of delicious homemade cake, but also we raised more than £200 to help people affected by cancer.

Topical tax podcasts

Dean Hardy has created some podcasts about current tax issues. They will be available on the Shipleys website soon.

Prudential RideLondon

Well done to Bernard Brennan who completed the Prudential RideLondon raising over £600 for Oakleaf, a Surrey-based mental health charity.

Alumni news

Investing in greener companies

Leigh Wicken joined Shipleys in November 2010 and spent just over seven years in the audit team, gaining his ACA qualification and progressing to become an audit manager. After leaving Shipleys, he joined Low Carbon Ltd as a financial accountant.

Low Carbon is a privately-owned investment company committed to the development and operation of renewable energy power production.

"We invest in both renewable energy developers and projects across a range of renewable energy technologies including solar, wind, waste to energy, combined heat and power, energy storage and energy efficiency," says Leigh.

Low Carbon has a proven track record in the development, construction, financing and management of renewable energy assets.

"For UK solar alone, Low Carbon has funded more than 320MW. We're involved in these projects for the long term, with a dedicated team that manages assets on balance sheet and for third parties, both listed and unlisted."

"I prepare monthly management accounts for one of our asset management clients and help prepare monthly board and investment reports for Low Carbon's own operations."

Since joining Low Carbon Leigh has also assisted in the group audit and preparation of statutory accounts.

"My time at Shipleys allowed me to not only develop my technical knowledge, but also to gain a breadth of experience across several business sectors. This ultimately led to a focus on renewable energy and facilitated my move into industry with Low Carbon."

AGN member focus

Edelstein & Company, US

Edelstein & Company is a CPA firm located in Boston's financial district. It provides accounting, tax, audit, business valuation, forensic accounting and other business advisory services to a vast client base of individuals and privately held businesses, spanning a multitude of industries including healthcare, non-profit, real estate and more. Founded 50 years ago by sole practitioner Alan M. Edelstein, today there are 10 partners and more than 85 professional staff.

The 2017 Tax Cuts & Jobs Act (TCJA) is currently a hot topic in the US, affecting both individuals and businesses. It has created significant opportunities as well as areas of concern for both inbound and outbound multinational enterprises, as well as for Americans living abroad.

Edelstein & Company has extensive experience in these areas and offers compliance and planning services. The firm's advisers can provide guidance on individual, trust, estate and gift tax law changes, business provisions, Section 199A, Kiddie Tax, transfer pricing and other key areas that have changed under the new law.

Are trusts still relevant?

Although some of the benefits of trusts have been eroded in recent years there are still several reasons to use one.

A trust is an arrangement where you can transfer the legal title of property to trustees, for them to manage for the benefit of those named or specified in the trust deed, i.e. the beneficiaries.

You can create a trust during your lifetime, on death in your will (or through a deed of variation to a will) or in accordance with intestacy rules. Trusts may be UK-resident or non-UK resident for income tax and capital gains tax purposes.

Deferred gifts

The benefit of a gift may be deferred by being settled in a discretionary trust, so that the beneficiaries have no right to any immediate benefit. The trustees can decide how much they receive from the trust and when. This is very useful for those who may wish to try to alleviate inheritance tax by passing assets to children or grandchildren, but the beneficiaries are felt to be financially imprudent, so outright gifts are felt inappropriate, or they are concerned about possible 'fortune hunters'.

Beneficiary protection

Trusts can be an effective way of managing the assets owned by people who are unable to manage their finances themselves, perhaps because of a disability. Personal injury trusts can be useful for people who receive compensation for an injury or illness. They can be structured in a way that ensures the individual's right to welfare benefits is unaffected.

Trusts on death (will trusts)

Until 2007, discretionary trusts equal to the unused nil-rate band were a popular inclusion in wills to use up any unused IHT threshold otherwise wasted in situations such as where each of a married couple leaves their estate to the surviving spouse and then to their children.

However, now any unused nil rate band has become transferable between spouses, this is less common. But they still do have a purpose, particularly if the property thus settled may be expected to increase in value.

However, the most common use of a will trust is where it gives a life interest to the surviving spouse, particularly in the case of a second marriage when the deceased wanted to leave assets to the children of the first marriage on the death of the surviving spouse.

Asset protection

In some very limited circumstances trusts can be used to protect assets from third party claims or on divorce. However, the decision to settle assets to avoid creditors' claims can be challenged under the Insolvency Act. Divorce courts are notorious for ignoring restraints on trustees. Furthermore, local authorities have the power to challenge 'deliberate deprivation'.

Visit *https://bit.ly/2PXzTvG* for a longer version of this article, which looks at different types of trusts, the tax treatment of UK trusts and non-UK resident trusts, as well as HMRC's Trust Registration Service. Or please get in touch with your usual Shipleys contact.

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