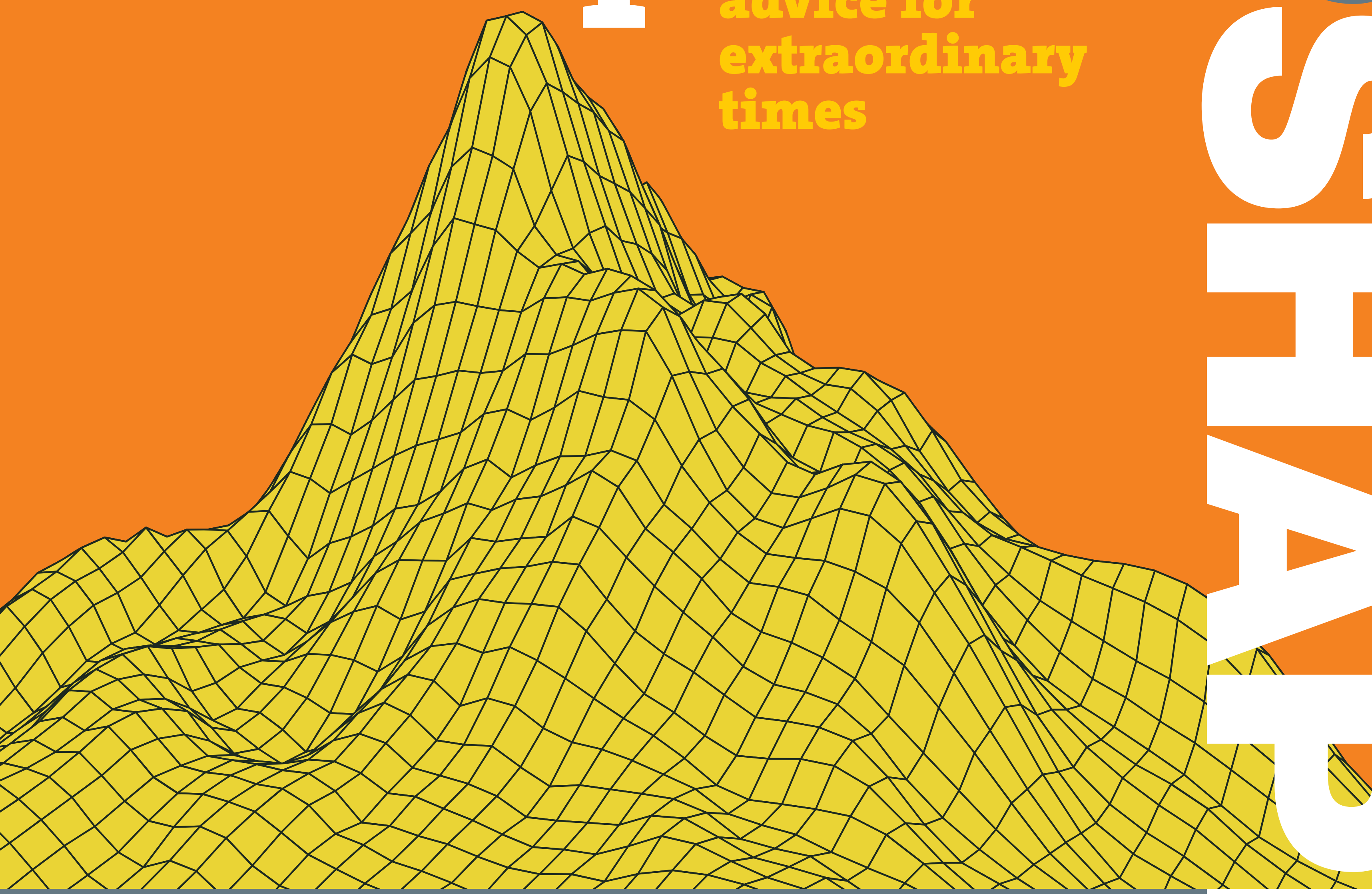
Spring 2020

Financial and business intelligence

SHIPSHAPE

With you every step

Insights and advice for extraordinary times



shipleys LLP

Also in this issue:

Contents:

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 Charlotte Westwood at our Godalming office.

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Shipleys is a Member of AGN International, a global association of separate and independent accounting and advisory businesses.

Registered to carry on audit work in the UK and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales.

More detailed information on tax changes is available on our website at www.shipleys.com

Shipshape articles are intended to create awareness of issues and specific advice should be obtained before taking action, or refraining from taking action in relation to the topics covered.

Designed and co-edited by thirdperson.co.uk

GOV.UK

31 July 2020 — 31 Jan 2021

new deadline for 31 July 2020 tax self-assessment payments

GOV.UK

3 months
extension to file company accounts by applying to HMRC

GOV.UK

80% of average monthly profits over 3 years for the self-employed through Government grants (up to £2,500 per month)

GOV.UK

80%
of wages for furloughed workers covered by the Coronavirus Job Retention Scheme – up to £2,500 per month

GOV.UK

Up to **£5m**
available to SMEs through the Government's Business Interruption loans

GOV.UK

6 April 2021
delayed date for IR35 off-payroll working changes

Viewpoint: Simon Robinson
020 7312 0000 • robinsons@shipleys.com

Right by your side (albeit virtually)

Just when it looked like we could all move forward with more clarity around Brexit, the coronavirus pandemic has transformed life and business on a global scale. It's a time of unprecedented and rapid change. Here, at Shipleys LLP, our key objective is to protect the wellbeing of our people, our clients and our contacts while ensuring we continue to deliver a quality service.

To this end we have now closed our offices and switched over to our systems that facilitate remote working for our staff. These include facilities for online meetings and conference calls to enable us to deliver timely advice when our clients need it.

Our staff are still available, albeit remotely, and please do contact them. It's very much business as usual.

Our main phone lines are being covered during office hours, although they can experience busy periods. To get through quickly to your main Shipleys contact, please either:

- call their direct phone number or mobile if you know it
- email them directly and they will call you back – obviously things are very busy at the moment but we will endeavour to get back to you as soon as we can
- use our general office emails and we will forward the message on to one of the team who will give you a call – London: *advice@shipleys.com*; Godalming: *godalming@shipleys.com*

Please don't forget we have specialist teams ready to help if your organisation struggles with disruptions to your own teams. These include HR advisory, payroll, bookkeeping (including experts in many online software packages) and accounts production specialists.

Help!
In addition, we are closely monitoring the financial measures the Government is putting in place to help UK businesses weather the dramatic economic conditions. We have set up this page: *https://tinyurl.com/snur8mk* on our website which has a helpful overview of all the measures currently introduced. We are updating it regularly as new announcements are made.

At the time of writing, and by way of a quick summary (see more on page 2), these include substantial reductions and exemptions in some business rates, as well as grants to some small businesses. Employers with fewer than 250 staff can reclaim 100% of employees' first two weeks' statutory sick pay resulting from COVID-19.

More detail has now been released about the Coronavirus Job Retention Scheme. This Scheme will enable businesses to access grants which cover 80% of the wages for employees not working, up to £2,500 a month. The grants will be backdated to 1 March and it is envisaged this assistance will be available for three months, but it may be extended.

A similar set of measures to protect income for the self-employed has also been introduced, although currently the grants will not be available till June.

Various tax payments have been deferred (for example the self assessment payment on account for July 2020 is deferred till 31 January 2021 and VAT payments due between 20 March and 30 June have also been deferred). Filing company accounts can also be delayed.

In all of these cases though it's very important to check the process and eligibility criteria involved. Our coronavirus web page has helpful overviews and links to the relevant Government pages.

One very welcome development amidst all the news is that the planned changes to IR35 in the private sector have been delayed till April 2021.

Money's too tight to mention
The systems for some grant-based measures the Government has introduced are still being developed by HMRC. In the interim, businesses are being encouraged to utilise the Government's business interruption loans. Following some initial criticism, in addition to the scheme for SMEs with turnover of up to £45m, there will be a different scheme for larger businesses with turnover of between £45m and £500m. A third financing option, the COVID-19 Corporate Financing Facility through the Bank of England, is also aimed at larger firms.

Businesses trading internationally can also access financial support through UK Export Finance (UKEF).

Mortgage support (see *https://tinyurl.com/t2bmrnc*) for households affected by coronavirus has been introduced. Information released so far indicates that mortgage lenders will be operating a fast-track system for approval, but not everyone will be granted a payment holiday. Any unpaid interest will still be recovered later, but individual credit ratings will not be affected.

Private property
COVID-19 will no doubt have a significant effect on the property market.

Property and property investments often represent the major financial asset of most people so, in this *Shipshape*, we have also covered a number of property-related issues.

One development to be aware of following GDPR, is a requirement for landlords to register with the Information Commissioners Office since a property rental business now falls under data protection laws.

Property is, of course, a key cost to many businesses too. On page 5 we highlight tax breaks a business can claim on repairs and improvements to its premises, while also on page 5 we explain the newly increased structures and buildings allowance which will be helpful once things return to normality.

And finally...
Away from the current uncertainty and property, elsewhere in this issue, we look at Shipleys' work supporting the UK's TV and film industry. We also welcome new corporate tax specialist Steve Hanlon, and our thanks to Ewan Cresswell, Chairman of Integra Technical Services, who kindly agreed to be the subject of our client profile on page 8.

Enjoy the read and, if we can help in any way over the coming months, please do get in touch.

Support measures for business amidst the coronavirus

The key measures introduced by the Government, at the time of writing, are summarised below, along with useful links to further information.

Support with wages – the Coronavirus Job Retention Scheme
The Government will make grants available to all businesses to cover 80% of wages for employees not working, up to £2,500 a month. The grants will be backdated to 1 March and it is envisaged this assistance will be available for three months, but may be extended. The grants will be available via application to HMRC.

As part of the application process, employers will need to designate affected employees as 'furloughed workers,' and notify employees of this change.

The scheme has also been widened to directors who have their own company and are paid through PAYE, so it may be used by freelancers and contractors who have a limited company.

Further information: *https://tinyurl.com/tapx56j*

Business rates and grants
All retail, hospitality and leisure businesses will be exempt from paying business rates for 12 months. The government has also promised £25,000 grants to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value over £15,000 and below £51,000.

One-off grants of £10,000 will be available via local authorities to business currently eligible for Small Business Rate Relief or Rural Rate Relief, to help meet their ongoing business costs. This grant only applies to businesses in England. Eligible charities and community amateur sports clubs may apply for relief of up to 80%.

Further information: *https://tinyurl.com/tsqcpoe*

Statutory sick pay
Employers with fewer than 250 staff will be able to reclaim 100% of employees' first two weeks of statutory sick pay resulting from COVID-19.

Further information: *https://tinyurl.com/s6xdspq*

Business interruption loans
Small and medium-sized businesses with annual turnover of up to £45m should be able to access loans, overdrafts, invoice finance and asset finance of up to £5 million from banks through the Coronavirus Business Interruption Loan Scheme (CBILS). The Government says it will cover the first 12 months of interest payments and any lender-levied fees.

In response to feedback since the scheme's launch, it has been extended so that it no longer just applies to small businesses unable to secure regular commercial financing.

Larger businesses with turnover between £45m and £500m impacted by coronavirus can access loans of up to £25m through the Coronavirus Large Business Interruption Loan Scheme (CLBILS) delivered through commercial lenders, with a Government guarantee of 80%.

Further information and eligibility criteria:

- small businesses: *https://tinyurl.com/u878le6*
- large businesses: *https://tinyurl.com/vtondrb*

Self-employed income support scheme
This is a taxable grant worth 80% of a self-employed person's average monthly profits over the last three years – up to a cap of £2,500 per month. This is restricted to people with trading profits up to £50k per annum and with a tax return for 2019. The Scheme also applies to members of partnerships.

If a self-employed person doesn't have three years of accounts, HMRC will look at whatever accounts they have.

Once up and running, probably in June, HMRC will contact the qualifying businesses directly and ask them to fill out an online form. Grants will be paid in a one-off payment into the person's bank account if approved.

Further information: *https://tinyurl.com/ugao6jl*

Support for exporters
Financial support is available through UK Export Finance (UKEF), which provides guarantees, loans and insurance on behalf of the Government that can protect UK exporters facing delayed payments or transit restrictions. This includes specific support for businesses exporting to China.

Further information: *https://tinyurl.com/tq8la8o*

Delaying tax payments
HMRC has a set up a helpline to support businesses and self-employed people who want to delay payment of their VAT and PAYE liabilities. Call 0800 0159 559.

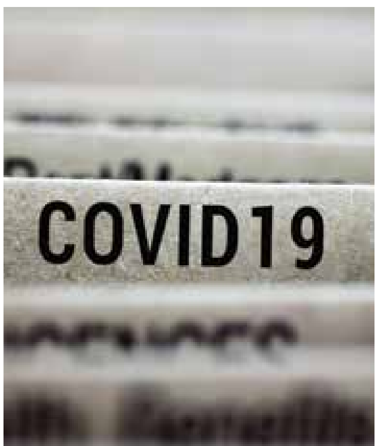
No business will pay any VAT until 30 June 2020. Businesses have until the end of the financial year 2020/21 to pay those bills. This is an automatic offer with no applications required.

Further information: *https://tinyurl.com/vga4otc*

The next personal tax self-assessment payments due on the 31 July 2020 are now deferred until 31 January 2021.

Filing company accounts
Companies can apply for a three-month extension to file accounts with Companies House using a fast-track online system.

Further information: *https://tinyurl.com/ude269c*



Other things to consider

- Check your insurance policy for business interruption cover.
- Be as open and transparent as possible with employees about the likely impact.
- Check contracts for force majeure clauses and take legal advice if necessary.
- Consider other financing measures beyond the Government support where appropriate.

We will, of course, continue to monitor Government announcements and update our special coronavirus support website page: *https://tinyurl.com/snur8mk*

For information on support for charities and non-profit organisations: *https://tinyurl.com/qox92p8*

Will buy-to-let still make financial sense?

Recent developments, and tax changes already implemented, may be prompting some landlords to rethink whether the rental market is still the place to be in the long-run

A series of changes in tax law had already dented the popularity of the buy-to-let market. Government measures brought in during the COVID-19 situation may be prompting landlords to question if residential property investment still makes financial sense.

The income tax relief that landlords used to be able to get on mortgage interest finally disappears altogether from 6 April 2020, to be replaced by a basic rate (20%) tax credit. While tax credits can reduce your tax bill, they don't reduce your income threshold and some landlords may face losing child benefit or their tax-free personal allowance as a result.

This follows the end of the wear and tear allowance, the introduction of 3% additional stamp duty on purchases for landlords, a ban on charging letting fees to tenants and a new cap on deposits. The case against being a landlord also includes the high capital gains tax charges on let property (18% or 28%).

Is incorporation the answer?

If you're keen to continue as a residential property landlord, it might be worth converting your rental business to a limited company. The main attraction is that companies get full relief for any mortgage interest paid, as well as paying corporation tax at a much lower rate than higher rate income taxpayers.

However, it's worth bearing in mind that net rental income belongs to the company, and directors are remunerated by dividend and/or salary, so they are potentially subject to a second layer of taxation. Furthermore, transferring rental property into a limited company will usually incur stamp duty land tax and possibly capital gains tax. On the plus side, income from residential letting is usually exempt from VAT.

Landlords should also remember that incorporation means certain legal obligations, including preparing and filing annual accounts and submitting a corporation tax return. In addition, banks typically offer mortgages at a higher interest rate to companies.

Jess Burton, a mortgage, protection and equity release adviser for Anderson Harris says, prior to COVID-19, she had seen fewer individuals getting into buy-to-let property and confirms landlords were setting up limited companies. She adds: "There are still options for people who want to consider having a rental property, but there is just a lot more to think about now when purchasing an investment property, and getting the right advice is absolutely essential."

Purchasing buy to rent residential property as a company, rather than as an individual, isn't necessarily a quick-fix solution to the rental income tax relief changes. It needs careful consideration of all the costs involved to assess whether it makes commercial sense for a landlord.

In the meantime, the Government has introduced measures to protect renters and landlords affected by coronavirus. These include emergency legislation to suspend new evictions from social or private rented accommodation while this national emergency is taking place. In addition, there will be no new possession proceedings through applications to the courts during the crisis. Landlords will also be protected, as the three-month mortgage payment holiday includes buy-to-let mortgages.

More information: *https://tinyurl.com/vavk6uu*

Tax on disposal of your home explained

Why fewer homeowners might escape paying capital gains tax on the disposal of their homes in future

Although things are static in the property market as a result of the COVID-19 situation, it's worth bearing in mind the tax rules for when the market picks up again.

In most cases, if you sell your main residence for more than you originally paid for it, you're exempt from paying capital gains tax (CGT).

This is because of what's known as private residence relief (PRR), which stops many homeowners having to pay 18% or 28% CGT on the property's gain in value, depending on their tax bracket.

However, the government is now cracking down on cases where it thinks PRR should be denied. To qualify for PRR, you must:

- occupy the property as your main home with the intention of permanence
- equip the property for normal living with items like a cooker and a washing machine
- show that land around the property (like a garden) is enjoyed as part of that dwelling and not used for some other purpose, ie business – it might also be disqualified if it's more than 0.5 hectares
- nominate only one home – if you own multiple properties.

Changes afoot

From 6 April 2020, you will need to report the disposal of property to HMRC within 30 days of completion if there is a tax liability.

You should also bear in mind changes to rules relating to periods of ownership when the property isn't occupied. From 6 April 2020, PRR will still apply, even if you don't reside at the property, for the final nine months before its sale. Previously this was 18 months. However, for disabled persons or people who have moved from their main residence into a care home this final disregarded period remains 36 months.

The extended exemption from CGT when your home has been let for part of your ownership will only apply on disposals after 5 April 2020 if you shared occupancy of your home with tenants. A maximum of £40,000 can be claimed in this way.

From 6 April 2020, a property will be treated as your only or main residence for up to an initial two years if occupation is delayed by the completion of construction, renovation, redecoration or alteration of the home or the disposal of your previous home – provided the new property isn't someone else's residence during this period. Until then there is a slightly different and less generous extrastatutory concession available. (Also, see Tax Briefs on page 7.)

Non-residents' gains on UK residential property

Non-UK residents are also subject to tax on gains from the disposal of UK land and of certain interests in assets that are 'property-rich'.

They must report disposals to HMRC within 30 days of completion (even if there is no tax liability) and they have to pay any capital gains tax within the same period.

For more information, visit: *https://tinyurl.com/y4md4ae2*

Incentives for making your premises eco-friendly

Businesses planning to minimise their environmental impact can take advantage of a number of helpful government initiatives.

Enhanced capital allowance (ECA)

Purchases of energy-efficient technology and equipment can secure 100% tax relief. ECA relief is over and above the £1m annual investment allowance (AIA) and, unlike the AIA, there is no cap on qualifying ECA expenditure. However, the equipment needs to be new, unused and on the government-approved list at: *https://tinyurl.com/j6kmp38*.
Buying from this list can also bring a 5% discount in VAT.

Cycle to work scheme

There is now no cap on the purchase price of a bike in this salary sacrifice scheme. To qualify, strictly 50% of the bike's journeys need to be for work, which for this purpose can include your daily commute.

Electric vehicles

Switching to electric when buying company cars also brings lower rates of tax – a 0% company car benefit for 2020/21. For more on this, go to: *https://tinyurl.com/tskga6y*

Land remediation relief

If a property development project involves cleaning up contaminated land, up to 150% tax relief is available on the cost. If the development project makes a loss, a 24% cash repayment for the land remediation cost can be claimed.

And watch out for...

...potential rises in landfill tax and the climate change levy – the latter is charged on high commercial energy consumption via your energy company's bills.

5 little steps to an eco-friendly business

1. Use videoconferencing to minimise travel
2. Encourage car clubs or car sharing by employees
3. Install energy-efficient LEDs
4. Clearly label recycling bins
5. Install electricity smart meters and switch to renewable energy sources.

The family home is often an important part of divorce settlements, so tax implications require careful consideration.

Property and divorce

Where the main residence is to be sold and the proceeds divided between a married couple or civil partners, any gain can be exempt from capital gains tax (CGT) for both the spouse who remains living in the home at the date of sale and the departing spouse. This is as long as the sale takes place within 18 months of the departing spouse having left the family home. However, if the sale (exchange of contracts) was after 5 April 2020, this 18-month period will reduce to nine months.

In certain cases, if the departing spouse transfers his/her interest in the home to the occupying spouse under the divorce settlement, there will be no CGT charge on the transfer, as long as the occupying spouse continues to live in the property as their main home.

More information on the tax implications of divorce is available at: *https://tinyurl.com/rybwscv*

Tax breaks on property repair and improvement

Deduction of property repair costs can reduce your taxable income.

Businesses with commercial premises used in their business and landlords letting out property can claim a deduction for repairs to restore a building to its original condition or to achieve the modern equivalent. A building is an entirety, so replacement of a part of the building, such as a new roof, is a repair to the building.

Improvement costs, like an extension, cannot ordinarily be set against income, although property owners can set this against their liability when the property is sold. Businesses, including holiday lets, may be able to claim capital allowances, which do reduce taxable income.

Capital allowances include the structures and buildings allowance for construction, renovation or conversion costs and the integral features allowance for lighting systems and air conditioning systems etc.

Tax legislation identifies other property items that may qualify for capital allowances, such as movable partition walls and storage and display facilities. Capital allowances may also be due when the property is "with which" the trade is undertaken rather than "in which" such as a dry dock, silo or swimming pool.

Accommodating your business as it grows

Many a company starts life in a spare bedroom or perhaps the garage – but how do you finance the move to dedicated premises once the business outgrows your home?

For businesses that have recently purchased or improved premises (or have plans to), the structures and buildings allowance could help.

Covering expenditure on or after 29 October 2018, a successful claim gives an annual allowance of 2% – increasing to 3% from April 2020 – of the qualifying expenditure. This is then used to reduce the annual taxable profit figure of the business by that sum for up to 50 years.

The premises must be taxable in the UK and used for a qualifying activity, which includes any trade, profession or vocation; a UK or overseas property business (excluding residential property and holiday lettings); managing the investments of a company; or a number of specific trades such as mining and fishing.

Costs that count as qualifying expenditure include:

- **Fees for design**
- **Preparing the site for construction**
- **Construction works**
- **Renovation, repair and conversion costs**
- **Fitting out works.**

When disposing of the property, the allowance your business received is added to the proceeds, which may increase the business's liability for capital gains tax.

For further details go to: *https://tinyurl.com/vv2x3lm*

Changes to employment rules

In addition to the Coronavirus Job Retention Scheme and the new rules on statutory sick pay as a result of the crisis (see page 2), a number of other changes came into force this April around employment allowance (EA), holiday pay and contracts of employment.

- Businesses will need to submit a new EA claim each year. EA can only be claimed if your total qualified employers' (secondary) class 1 NICs liability in the tax year before the year of claim was less than £100,000. Off payroll workers do not count towards that threshold.
- The mandatory reference period for calculating holiday pay will increase to 52 weeks for staff with variable pay.
- Bereaved parents will have the right to two weeks of leave and statutory pay following the loss of a child under 18, or a stillbirth after 24 weeks of pregnancy.
- The UK government has pledged not to weaken workers' rights in any future UK-EU relationship, although there could be a divergence between EU and UK legislation.

Company tax returns for non-resident landlords

Non-resident companies owning UK rental property previously reported their rental profits on non-resident company income tax returns and were subject to income tax. However, from 6 April 2020, these companies become subject to corporation tax on those profits.

A final non-resident company return to 5 April 2020 will be required but no payments on account will need to be made for the 2020/21 tax year, and any income tax repayable must be claimed.

By 30 June 2020, HMRC should have issued all such companies a new corporate tax reference number, otherwise known as a Unique Taxpayer Reference (UTR). Any company that does not receive a UTR should contact HMRC.

Inheritance tax on your main residence

As well as the £325,000 nil rate band for inheritance tax, from 6 April 2020 individuals with estates valued at less than £2.35m can benefit from a residence nil rate band (RNRB) of up to £175,000 to apply against the value of their home. This additional amount will rise with the consumer price index in subsequent tax years.

Where an estate is valued at more than £2m, the RNRB is withdrawn by £1 for every £2 of excess – so, for example, a £2.1m estate would lose £50,000 of the RNRB.

The RNRB can be transferred to a spouse, like the main nil rate band, if not used on the first death of a married couple or civil partnership, assuming their estate qualifies.

The RNRB applies to any property owned at death that has been the main residence of the deceased during their lifetime – so even if someone has moved into a nursing home and is renting out their previous residence, the RNRB is not lost.

Similarly, there are provisions for the RNRB to apply to the proceeds of a previously sold property, where someone has downsized. The rules are complicated so advice should be taken.

Tax self-assessment payments

Tax self-assessment payments that were due on 31 July 2020 are now deferred until 31 January 2021 as a result of the coronavirus situation.

This measure is not confined to the self-employed and applies to anyone who is due to pay their second self-assessment payment on account on 31 July 2020.

Meanwhile, a number of important changes came into effect from 6 April 2020...

Residential letting income

Tax relief will be a maximum of 20% for all finance charges deductible from such income.

Non-resident companies currently paying income tax on UK rental income will be subject to corporation tax instead.

Gains on UK residential property

UK residents realising a capital gains tax liability on disposal of UK residential property after 5 April 2020 must advise HMRC and pay the tax within 30 days of completion.

And changes to the rules that allow capital gains tax exemption on a gain made in the sale of a main residence may result in an unexpected liability for some.

Pension contributions

The taper thresholds affecting the annual pension contribution limit of £40,000 are raised by £90,000 each, but the minimum is cut from £10,000 to £4,000.

National insurance contributions

The annual NIC threshold for contributions by employees and the self-employed is increased to £9,500. Employment allowance (increased to £4,000) will be confined to employers with a liability in 2019/20 for £100k or less secondary Class 1 NIC who are eligible for state aid. In addition, NIC will be due on the excess of termination payments over £30,000.

Company car benefits

These will be applied on a sliding scale according to whether the car is first registered before 6 April or later, when all benefit rates will be lower.

Money laundering changes for trusts

The 5th EU Money Laundering Directive was substantially enacted in the UK on 10 January, but excluded the section relating to trusts.

Many trusts have already had to register more formally with HMRC under the old rules, in any case where they had a UK tax liability. The new rules would require registration by all UK express trusts, any trust with UK real estate, or any trust with a new business relationship with the UK, such as employing a UK adviser.

The implementation of the trust rules is undergoing technical consultation and we will report further when the rules are clearer.

VAT corner

Important dates to be aware of

Deferred VAT filing dates

HMRC has issued more detail about the VAT deferral measures brought in to support businesses during the coronavirus situation.

The VAT deferral covers any VAT that has a payment date due between 20 March and 30 June. This means that the VAT periods that will benefit will be those starting on/around 1 February as those have a due date for payment of 7 April at the earliest. For a detailed overview of the new filing dates for different VAT schemes, visit *https://tinyurl.com/vga4otc*

Changes for construction services

At the time of writing, new legislation is still due to come into effect on 1 October 2020 relating to VAT and construction services.

The new rules will affect how construction services are invoiced, how VAT is accounted for in business accounting systems and VAT filing. For some construction services businesses this may have a negative impact on cash flow and working capital. Time is of the essence in preparing for the new arrangements.

You can find out more here: *https://tinyurl.com/vv8bpx4* or by speaking to your Shipleys contact.

Making tax digital (MTD) deadline has passed

For businesses with VAT periods ending after 31 March 2020, the allowance for getting your digital links MTD-friendly has been extended till your first VAT return period starting on or after 1 April 2021. Any accounting-related software (for example, a hotel booking system that produces customer invoices) must have working digital links to the business accounting system from then.

Please speak to your Shipleys contact if you need more information on this.

Ewan Cresswell, Chairman of Integra Technical Services, discusses the success of his international loss-adjusting business and the challenges of diversifying

One-man band that grew into a worldwide success

"Looking after several businesses concurrently isn't easy, but I enjoy it and it's part and parcel of being an entrepreneur as well as a straightforward insurance practitioner."

Founded in 1998 as a one-man band, Integra Technical Services is now a market-leader in specialist loss adjusting and operates worldwide.

The man who started the company, chairman Ewan Cresswell, explains in more detail what Integra does: "We deal with technical lines insurance claims, which often involves things like oil refineries, power stations, construction projects, mining and renewable energy."

Specialist know-how

Working with reinsurers based in London, New York, Europe and the Far East, these often-complex claims require Integra to provide engineering or other specialist industry know-how as well as insurance expertise.

Headquartered in the City of London, Integra employs close to 60 people at bases in New Zealand, Australia, Singapore, Abu Dhabi, Dubai, Chile, Mexico and the US.

Ewan says he still enjoys spending most of his time as a working fee-earner but adds: "I also support and guide colleagues, particularly some of our younger people, as part of our succession plan to bring through the next generation."

He says he takes "a lot of satisfaction" in Integra's highly regarded reputation in its chosen field and that it's the only business of its size competing internationally that's still privately owned. "That means you have freedom to operate as you want, which has been important in making speedy business decisions."

Diversifying into other businesses

Hiring and developing talent is an ongoing challenge, says Ewan, and so is managing the other businesses he has created outside insurance. That diversification started with owning a garden centre and, more recently, has progressed to running a yacht chartering business and property development company.

"Looking after several businesses concurrently isn't easy, but I enjoy it and it's part and parcel of being an entrepreneur as well as a straightforward insurance practitioner."

With Integra already a Shipleys client, Ewan knew where to go for guidance around setting up his other companies: "One of the challenges was creating a group structure where profits from Integra could be utilised to create seed capital for these other developments. Shipleys was very helpful in creating the tax structure that allowed us to achieve the diversification."

He adds: "Integra first started using Shipleys nearly 20 years ago when there were just a few of us working for the company. The number one thing that stood out about them right from the start is that they took time to learn about and understand my business – it wasn't just a commodity."

Big plans to expand

Looking to the future, Ewan says Integra has big plans: "We're looking to double the size of the business over the next five years, with probably another five offices and up to 70 additional extra staff.

"To do that we're probably going to engage with private equity at some point. At the moment, myself and my wife are 100% shareholders, but we would like to widen the share ownership – not only to raise finance but to help retain some of the key people at Integra and keep together what is a great team as we go forward."

https://www.integratechnical.com

integra
TECHNICAL SERVICES

Sector focus

Playing a supporting role in TV sector boom

In the first of a new series of Shipshape features, we look at the impressive work of our specialist film and TV team.

The explosion in demand for content for video-on-demand services like Netflix, Amazon Prime Video and Disney + and a tax credit scheme that can slash the cost of filming in the UK is continuing to keep Shipleys' film and TV team busy.

Eager to satisfy the need for new shows, film and TV production companies – many from the US – are relying on our expertise to ensure they take full advantage of generous tax credits as they increasingly choose to work in this country.

Steve Joberns, the lead partner in our specialist film and TV team, says the total value of tax credit claims for production companies handled by Shipleys in 2019 was in excess of £100m.

He adds: "We're typically looking after 80-100 productions every year, which shows just how busy the industry has been."

Shipleys is recognised as a market leader in film and TV production and advises a large spectrum of companies including Netflix, Sky, FXTV, All3 Media and Sid Gentle, the makers of hit BBC show Killing Eve.

Steve explains the tax credits introduced by the government in 2013, and their predecessor the film tax credit in 2006, have helped to fuel growth in the TV sector because they can cut costs for qualifying productions by up to 25%. So many productions, both international and indigenous, have benefitted from the credit that the UK is now seen as the go-to production base for television work.

Besides tax credits, Shipleys also advises production companies on employment taxes, NIC payments and rules around employment terms for contractors. "We've always been known as a firm that specialises in the creative and entertainment industries," says Steve. "We have such people on the team like Lauren Gilman and Gurvir Cheema, who have the right knowledge and a great relationship with HMRC."

The team has increased in size to meet extra demand, but we're not resting on our laurels. Stephen says: "We've now taken on two or three big companies in the video games world and we're looking to expand into that side of the industry even more."

Shipleys welcomes new tax team led by Steve Hanlon

We are delighted to announce that the tax and accounting division of London-based Mariana UFP LLP merged with Shipleys on 2 March. The division is led by Steve Hanlon, who joins us as a corporate tax specialist. Steve has also joined our leadership team.

Chartered tax adviser Steve and his colleagues bring a wealth of expertise to Shipleys. Steve says: "Shipleys is a perfect fit for us and our clients. It has a very similar approach, based on building close and personal long-term relationships as the basis for practical advice and solutions that provide excellent value for money."

"I'm very excited by the opportunities that the merger offers. It's a great chance to tap into a wider range of resources at what is a top UK firm that is also part of an international association of independent accountancy businesses."

Steve's career includes time working at BDO before moving to Ernst & Young as a director in 2009, where he specialised in advising real estate businesses and a wide range of funds.

As head of Mariana's tax and accounting division, Steve and his team's tax services to clients included advising a number of businesses on tax-efficient EIS and SEIS structures, company share schemes and R&D tax credits, as well as advising on various reconstructions, reorganisations and M&A transactions.

Shipleys Managing Principal Simon Robinson says: "We are delighted to welcome Steve and his colleagues into the fold. They will definitely add an extra depth and strength to our corporate advisory offering."

BSL Group, Singapore

Singapore-based BSL Group is a one-stop solutions provider for a range of clients – from helping smaller businesses grow, to assisting public-listed and multinational companies fulfill their statutory compliance requirements and providing efficient structuring advice to help them operate both locally and internationally.

The firm's staff of 75 qualified professionals provide a full suite of accounting, audit, corporate secretarial, tax compliance and advisory services.

With nearly 40 years' experience, BSL is committed to providing value-added services by establishing long-term relationships of trust with clients so they can best benefit from the firm's expertise.

Singapore Budget 2020

The Singapore government's recent 2020 Budget includes a commitment to spend S$8.3 billion on developing technology start-ups in biopharmaceutical, medical, agri-food and advanced manufacturing industries.

The expansionary Budget is also aimed at tackling the headwinds posed by COVID-19, providing a S$4 billion package to help companies with cash flow and retain workers, and S$1.6 billion for households.

Should you buy a property for your child's stay at university?

Student debt and rental costs are prompting some parents to try and ease the financial burden on their offspring by investing in a property for their stay at university.

Parents may also see this as an opportunity to get their child on the property ladder, but be warned, buying a property in these circumstances comes with tax implications.

Stamp duty and inheritance tax

The level of stamp duty on buying a property depends on who purchases and owns it. If parents own or co-own the property with their child, and they already have a property, this second property prompts an extra 3% on top of the normal stamp duty rate – and for the total purchase price.

However, if the child is gifted the money to make the property purchase and is the sole owner, then normal stamp duty rates apply. Gifting money for a purchase or a deposit is also potentially exempt from inheritance tax (IHT), as long as the person gifting doesn't die within seven years. Another IHT-friendly approach is where the child gets a mortgage (probably with parental guarantees) and is then paid the mortgage payments out of the parents' surplus income. Finally, if the amounts involved are under £325,000 per parent, creating a trust for the child to buy the property keeps an element of control with the parents as trustees.

Rental income

There are other tax breaks if the property is owned by the child, they live in it and they rent a room out to another student. Subject to qualifying criteria, they could claim £7,500 under the rent-a-room relief scheme and £12,500 tax-free income from their annual personal allowance.

Capital gains tax

If the property has increased in value when it's eventually sold, that gain can incur capital gains tax (CGT). However, if the property is owned by the child, and it's their main residence, the gain could be tax-free under the principal private residence exemption. If it is owned by the parents or co-owned with them, the current CGT rate is 18% or 28%, depending on your tax rate band.

Careful considerations

If you want to purchase a property for your child's university stay there are pros and cons from a tax perspective. These stem from how you purchase and allocate ownership of the property. A family's individual circumstances should also be carefully considered as this is obviously often a sizeable investment.

Letting your home through Airbnb

If, after the current COVID-19 social distancing restrictions have been lifted, you consider using Airbnb to let out your home, you should be aware this brings tax consequences.

- **Rent-a-room relief (currently £7,500 per year) is available if letting part of your main residence. If your gross receipts exceed this figure, you can choose to pay income tax either on the excess or on your actual profit.**
- **If you personally are VAT-registered or rent payments exceed the VAT registration limit (currently £85,000), you will have to pay VAT at 20% on that rent.**
- **Selling your main residence is generally exempt from capital gains tax but any period of letting activity will restrict this exemption.**

More at: *https://tinyurl.com/sfnkd38.*

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