

MFW.CO.UK

Season's Greetings

A Merry Christmas and a happy, healthy and prosperous New Year from everyone at McCabe Ford Williams.



MFW CHRISTMAS QUIZ

Time to test the grey matter!

Enter our Christmas quiz for your chance to win a £100 M&S Voucher.

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TAX MATTERS

Property Focus

We take a look at changes affecting property taxes.

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TAX MATTERS

The Gift of Giving

What you can gift this Christmas.

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Time to review: 2018, Another interesting year!

From an MFW perspective, we have been delighted to welcome clients and staff of both Barbara Richards Accountants and Ashford Accountancy Practice to MFW. We have continued to operate the Barbara Richards practice through a Lenham office and Ashford Accountancy Practice has now been incorporated within our Ashford office, (see page 9).

Being a sole practitioner is tough as having to deal with the administrative challenges of GDPR, Making Tax Digital, and the like, are a huge burden. Because of that, we are being approached by an increasing number of smaller firms as the proprietors have had enough. We are pleased to take on the clients of those practices and to provide them with our comprehensive, friendly, and value for money service.

Politically, as I write this, Theresa May is fighting all corners – not just Jeremy Corbyn, but also fellow Conservative MPs and, of course, the EU. Who would want her job? Not I, that's for sure, she really has been handed a poisoned chalice. At the moment what is on the table is 585 pages of an agreement which provides for a transitional period to get the minutia sorted.



It's perhaps not the Brexit that "leavers" will have expected but, in reality, the EU were never going to capitulate to every UK request. Time will tell whether the draft agreement is signed or whether there are enough objections to lead us in to a no deal situation. The uncertainty is not good for anybody, including the rest of Europe.

So, what will 2019 bring? For sure, we will know how Brexit pans out. Making Tax Digital is still coming in with effect from 1 April 2019 although a "soft landing period" of a year is promised.

Whatever happens, MFW will keep you abreast of developments through our newsletters and blogs.

I take this opportunity, on behalf of everyone at MFW, to send you seasonal greetings and to hope that 2019 is kind to you.



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Ian Pascall, FCA
Senior Partner – MFW Dover

Charities supported in 2018

Macmillan Cancer Support
www.macmillan.org.uk

Air Ambulance Kent Surrey Sussex
www.aakss.org.uk

Save the Children Christmas Jumper Day
www.christmasjumperday.org

Turner Contemporary Business Circle
www.turnercontemporary.org/support/summer-2018-business-circle

Canterbury Festival
www.canterburyfestival.co.uk

PoTs UK
www.potsuk.org

Jeans for Genes Day
www.jeansforgenesday.org

Maidstone Churches Winter Shelter
www.maidstoneshelter.org.uk

Sandwich Concert Band
www.sandwichband.org.uk

Rotary
www.rotary.org

Crabble Corn Mill Trust
www.ccmt.org.uk

Kent Association for the Blind
www.kab.org.uk

Just some of the charities we supported this year.

MFW Christmas Quiz

Simply unscramble the following seasonal words:

Kyutre	
Lebruss pruosts	
Karcerc	
Eylu glo	
Ritsmasch dinugd	<i>Christmas Pudding</i>
Spig ni lastenkb	
Vrayg	
Fusifntg	
Brearcny aceus	
Tesdoar sispanrp	
Nicem seip	
Rydanb tertub	

The closing date is **Monday 17th December**. Good luck!

Please note that entries received after this date will not be included in our prize draw.

By entering our competition you are agreeing for us to use your personal details for this purpose. The winner will be randomly selected from the correct entries and notified shortly thereafter. The prize will be despatched prior to Christmas. This quiz is not open to partners, staff or friends and family of McCabe Ford Williams.

Don't forget to enter into our Christmas quiz for the chance to win a **£100 Marks & Spencer voucher**

How to enter:

Unscramble the missing words to identify items you might find on your dining table this Christmas. Complete and return by post, fax or email to:

Karen Gray
McCabe Ford Williams
Bank Chambers
1 Central Avenue
Sittingbourne ME10 4AE
01795 428810

karen.gray@mfw.co.uk

Or, simply pop your completed entry into your local MFW office

Name

Email

Telephone *(the best number to reach you should you be our lucky winner)*

Your MFW Office

Client Profile: Ace Sectional Buildings Limited

Based in Bethersden Kent, are MFW Ashford clients Ace Sectional Buildings Limited (Ace Sheds), a family based business producing a range of quality sheds and other outbuildings. Ace Sheds started life in 1988 when brothers Alan Church and John Church spotted an opportunity in the growing garden shed market.

Sadly, in 2006, John Church died. As a result, the business restructured with Alan's sons Alan, Wayne and Scott taking over the day-to-day running of the business. Alan Church Senior, meanwhile, continued working in the business, gradually reducing his role. Nowadays, he still pops in once a week to help his sons out.

Taking over the family business

At the time of the restructure, Ace Sheds was a well-established brand with a turnover in excess of £1m. The brothers wanted to not only ensure the continued success of the business, which their father and uncle had worked so hard to set-up, but also wanted to make their own mark by expanding and developing the business and product range.

As part of their longer-term business strategy, the brothers have invested heavily in various areas of the business, including the business premises, investments into newer, more efficient and greener machinery and the training and development of their staff.

Business premises

Investment in the building premises and machinery have ensured maximum efficiency, together with an increase in capacity and a reduction in the business' carbon footprint. Youngest brother and Director Scott Church is responsible for their 'state of the art' machinery and has been heavily involved in this process.



Brothers Alan, Wayne and Scott Church

As a result of these changes, the workshop is a much nicer place for staff to work; and the team at Ace Sheds have been able to expand their product range from the simple, humble garden shed to cater for the growing demand for larger and more sophisticated products including summerhouses, workshops, outdoor offices and 'man-caves'.

This has also opened up new markets and repeat business opportunities, providing the brothers with opportunities to sell to the construction industry, schools and local authorities; amongst others.

The reasons for their success

Along with hard work and careful planning, Sales Director Alan also cites the following reasons for their continued success:

- Firstly, and quite rare in the UK today, all manufacturing is carried out locally by skilled craftsmen, with great importance given to the design and build quality of their products. Manufacturing Director Wayne heads up this department and excels at affording clients bespoke products designed to their exact specifications.
- Secondly, the brothers source their timber from a PEFC certified Swedish timber mill using timber that is far superior than the standard Russian timber, which floods the market. The result is a product made to the highest quality and built to last.
- Thirdly, the brothers believe in providing their customers with a first class level of customer service exceeding all expectations. They ensure that customers receive the best possible experience including guaranteeing their delivery dates. This approach has earned the business a high-ranking score of 9.66/10 on the review site Trustpilot® with over 200 5-star reviews, gaining them many new customers as a result.

Working with MFW

Ace Sheds have been clients of Partner Barrie Wright since 2004. In that time he has assisted the brothers with their routine accounting, VAT and tax matters. More recently, he has assisted them with their financial plans, detailed capital allowance computations and option to tax VAT elections.

Barrie says of Ace Sheds, "The range of products that the company now offer is amazing. The investment in the infrastructure and staff has been carefully planned over the years and carried out in a measured and affordable way. Ace is a great example of how a business can grow and adapt to changing times".



An Ace Shed for all seasons.

Alan says of working with MFW, "Barrie has been our accountant now for over 14 years. We have built up a quality relationship with him and his team (Matsya and Jackie specifically), helping us with all aspects of our business from payroll, VAT returns to annual accounts. Barrie has got to know us and our business well over this time and has given us support and invaluable help and advice from day one through a tough restructuring situation when our uncle passed away, to where we are today in terms of growing our business now and in the future".

Celebrating 30 years in business

2018 has been a good year for the business. Not only are the brothers and the team at Ace Sheds celebrating their 30th trading anniversary, but business this year has also been good, largely due to the extended fine weather we all enjoyed. Whilst there is less of a seasonal impact on their business, the brothers do see dips in trade, as many other businesses also do, when poor weather sets in. However, if you do want to enjoy your garden all year, no matter what the thermometer reads, you are sure to find the shed for you on the Ace Sheds website <https://www.acesheds.co.uk>. Alternatively, call the friendly team on 01233 822042 for more help and advice.

Tax Matters

Property Focus

Following the Autumn Budget announcements on 29th October 2018, we have looked at the changes that affect property in more detail. Just when we thought that no more changes could possibly be made; we now have even more to deal with instead.

Tax Free Amount

The Capital Gains annual exempt amount will increase to £12,000 from 6 April 2019 for individuals in line with the Consumer Price Index (CPI), whilst trustees are entitled to £6,000 of tax-free amount to offset against gains that would otherwise be chargeable to Capital Gains Tax. This relief is available to individuals and trustees every year. However, this relief is lost if unused.

Main Residence

Changes

The latest change reduces the period of 'no questions asked' absence when it comes to your main home. In the vast majority of cases no tax is payable when the main residence is sold. However, if there are periods of absences throughout the ownership, then the position is not as straightforward. Still, HM Revenue & Customs allow some concessions when it comes to certain absences, such as secondments.

Our summer newsletter featured an article, written by Partner John Shipley, explaining what constitutes a main residence. It is well worth revisiting this article which can be found on page 3 of our summer newsletter.

<https://mfw.co.uk/2018/07/17/business-matters-summer-2018/>

From April 2020 if, for any reason, you do not live in your main home in the last nine months of your ownership you can still treat it as if you did. (The time frame was 36 months before being reduced to eighteen months from April 2014). This tax relief allows any potential gain arising on the sale to be effectively exempt from tax, which would otherwise be levied on the profit after the tax-free amount. The relief remains unchanged for disabled people and for those living in care homes, where their period of absence of the last 36 months will remain to be classed as qualifying for a tax break.

The relief is still there and it still offers flexibility to taxpayers even though it has been curbed. An average detached house in England now costs just under £383,000* and will typically increase in value by approximately 3.7% every year. That equates to approximately £14,000 of gain per year on which tax may be due. If your home is worth more than an average house and you're thinking of selling it, you may have to think about tax if you move out before you sell, especially if you have used your annual exempt amount on another gain in the year.

*UK House Price Index for September 2018 - <https://www.gov.uk/government/news/uk-house-price-index-for-september-2018>

Periods of absence

But the last nine months is not the only absence period that qualifies for tax exemption. There are a number of other concessions, such as secondments for work abroad and other periods of absence. For concessions to be available, generally, you must live in the property before and after the period of absence for the gain to be fully exempt.

There is also a period of grace before you move into the property. For example, you may be having work done before you move in, and, heaven forbid, issues of any snagging works afterwards which could easily result in a delay to occupancy by some months. This concession has been considered in detail just recently in the case of *CRC v Desmond Higgins* [2018] UK. The result is bad news for taxpayers, as common sense seems to have been lost entirely. In this case, the taxpayer made an off-plan purchase of a flat in London, which he subsequently sold. After considerable delay in construction, which went on for three years, and only a relatively short spell of living there, the flat no longer suited Mr Higgins who decided to move on. No doubt, he gave little thought to tax consequences of selling his property as it was his only residence. Surely, there should be no tax due? HM Revenue & Customs, however, had a different view.

The issue was that the flat could not have been his main residence before it was constructed, as it simply did not exist. Having sold the property for a significant profit it was argued that Mr Higgins had owned the property for tax purposes since the time in which he had paid the second deposit, which gave him the ability to dispose of it by way of a sub-sale before completion. This was regardless of the fact that the property had not been constructed yet and could not have therefore been occupied by the taxpayer, which is why the profit on sale was assessed by HMRC as taxable. In addition, the taxpayer had an interest in the Head Lease, which then translated into the flat, and the long-held view in the profession, which has previously favoured the taxpayer, has now been clarified as not being in line with legislation. The impact of this decision is that the period of ownership can start a lot earlier than the period of occupation, and therefore, in some cases, main residences could now be potentially exposed to tax.

All off-plan purchases should be carefully considered in view of this decision, although the position will be dependent on individual circumstances and conditions of contracts.

Lettings Relief

This relief allows part, or all, of the gain (up to a maximum of £40k per person) on the property to be exempt from Capital Gains Tax provided certain conditions are met. This can be a very valuable tax relief for couples when gifting or selling.

Changes

However, significant changes are being introduced to be effective from April 2020, which will remove the tax advantage completely. Thereafter, lettings relief will only apply to properties where landlords share their main home with tenants. This is a huge blow to landlords, who are only just coming to terms with changes affecting mortgage interest relief. If there are any individual landlords left, then now is the time to review long term plans to make sure the structure works for tax purposes.

The exact changes of main residence and lettings relief are to be consulted on, with the detailed technical aspects clarified in due course. However, now is the time to review your portfolio, before these changes come into effect.



Author

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Tax Matters

Christmas gifts - are they taxable or not?

As that time of year approaches, many employers begin to think about what they might like to gift to their employees for Christmas. However, as an employer you should be aware that not all gifts are tax and National Insurance free so while you may think you are just being a kind and generous employer, your employees may become liable to pay extra income tax and you may be liable to pay Employer National Insurance on the gift.

So what is tax and National Insurance free?

You can provide your employees with a "trivial benefit" determined as a non-cash gift up to the value of £50 (including VAT). You are unable to give your employees a voucher they can exchange for cash without tax consequences, but you could give them a voucher they can exchange for goods, a bottle of wine, a bunch of flowers or a hamper, for example. As long as the value does not exceed £50 then there will be no reporting requirements. You can provide this benefit, as many times as you like within a year (although a cap of £300 applies to directors). However, the vouchers must not be in recognition of work done or part of a reward scheme, to enable them to qualify as a trivial benefit. You should also be wary of giving a gift too frequently as HMRC may argue that it is in recognition of service.

You should also be aware that if you give a gift exceeding £50, the whole amount becomes subject to tax and Employers National Insurance - not just the amount in excess of £50.

What about Christmas parties?

It is common for employers to provide an annual Christmas party for staff - but is this a taxable benefit or not? Well, it all comes down to how much you spend!

As long as you do not spend over £150 per attendee at the event, there are no tax or National Insurance implications. This can be split over two or three regular annual functions per tax year as long as the total amount across the year does not exceed the £150 limit. You do, however, need to bear in mind that this limit needs to include the cost of all food, drink, venue hire, accommodation, transport and any other associated costs.

Remember, if you breach the £150 per head limit - then all of the costs will become subject to tax and Employers National Insurance, not just the excess!

What happens if you give a gift to your customers?

Assuming that it is a business gift such as a branded calendar, diary, pens, etc., and with a value less than £50, then there will be no need to report anything. However, if the value is more than £50 then you won't be able to claim the expense on your or company's tax return.

Gifts to customers are only allowed as a deduction from profits if the gift is either a sample of your trade, or something with a visible logo. Tobacco, alcohol and food items are, unfortunately, not allowed and therefore not deductible from profits.

What can you do if you want to provide a more expensive gift?

Of course, you can give a more generous gift to your employees, but it will need to be declared to HMRC. You can declare these by submitting a form P11d, through your payroll, via a PAYE Settlement Agreement (PSA) or even via the Tax Awards Scheme (TAS).

Please feel free to contact me, or a payroll team member of your local MFW office, if you would like to discuss sending gifts in more detail.



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Late tax return - What's your excuse?



Every year, HMRC are petitioned for leniency by taxpayers who quote any number of bizarre excuses why they failed to meet the deadline.

Here are some of our favourites from past years:

- "I couldn't file my return on time as my wife has been seeing aliens and won't let me enter the house."
- "My tax papers were left in the shed and the rat ate them."
- "My tax return was on my yacht, which caught fire."
- "My dog ate my tax return...and all of the reminders."
- "I couldn't complete my tax return, because my husband left me and took our accountant with him. I am currently trying to find a new accountant."

Whilst we are sure that HMRC are certainly amused by some of these responses this does not, of course, make them any more lenient in issuing late filing penalties.

Struggling to cope with your tax return?

Don't forget that the deadline for completing Self Assessment tax returns to HMRC and paying any tax owed, is January 31.

Don't panic, as we are here to help. Simply contact your nearest [MFW office](#) and speak to a member of our tax team.

MFW Ashford is expanding

As part of the Firm's development plans, we are pleased to announce the expansion of our Ashford office, which recently acquired the business of Ashford Accountancy Practice, incorporating Oast House Taxation Limited (AAP).

MFW Ashford Partner Mark Greenwood said of the acquisition, "MFW Ashford is delighted to welcome AAP clients and we look forward to forging strong relationships with them. We aim to provide them with the same high level of customer service, expertise and professionalism, which our existing clients have come to expect, and we will endeavour to make this transition as smooth as possible for everyone concerned."

Myself, and the rest of the Ashford team, would also like to give a warm welcome to the former AAP team members Sarah Dowling, Nina Hannaford and Louise Waller, who have joined our team and who will, for our newest clients, be familiar faces.

We look forward to a positive 2019 and helping our clients keep more of what they earn".



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It's beginning to look a lot like Christmas at MFW Lenham

Our Lenham office has entered into the spirit of Christmas and the local Lenham village Christmas window competition with a window display based on Dr. Seuss's How the Grinch Stole Christmas.

The window display features the author's words, "Maybe Christmas," he thought, "doesn't come from a store." "Maybe Christmas...perhaps...means a little bit more!"

With all the local shops and businesses taking part it promises to be another closely contested competition but, judging from the efforts made (see left) we feel we might just have a chance of lifting the coveted trophy. Regardless of the outcome, it's a big 'Well done team Lenham' for all their hard work.



Spotlight On: Jonathan Fullarton, ACA Partner - MFW Dover

As a young boy what did you dream of becoming?

There are two regular jokes about my early career ambitions that my Mum loves to tell. The first is that I wanted to be a scientist so that my friend and I could invent an invisibility potion - it would be quite useful but, alas, I think it is beyond us. The second is that I wanted to become a vicar as they only work on Sundays!

Do you enjoy your work?

I love my job, since leaving school it was my aim to pursue a career in accountancy and I have not regretted it. I have always enjoyed numbers but I also really enjoy the interaction I get with clients.

Describe yourself in three words

Impatient - I do not think anyone will let me get away without mentioning this.

Hard-working - Please ignore my mum's vicar story, I was very young.

Friendly - I love spending time with my family and friends.

What are your favourite pastimes?

I am a massive football fan. I support Chelsea (please do not hold that against me) and I go to Stamford Bridge several times a season. My wife, Hayley, says that she "loses" me during the football season as our plans are often scheduled around games on TV. I also manage Woodnesborough's Dover Sunday league side. I was playing up until fairly recently, however a torn anterior cruciate ligament and, most recently, a ruptured Achilles have brought my playing "career" to an end.

What is your favourite time of year?

It has to be Christmas! My birthday is around Christmas and I just love this time of year. Eating, drinking and presents, what more could you ask for? Hayley and I have a young daughter, Alice, and I cannot wait to see how excited she gets about Christmas.



Jonathan with his wife Hayley and daughter Alice.

What is your favourite film and why?

I love watching films, it is impossible to pick just one. Given this is the Christmas edition of the newsletter and it is my favourite time of year, I shall say Elf. Even then, The Muppets Christmas Carol has to be a close second. I cannot resist watching the Lord of the Rings trilogy - I am not sure there has ever been a better trilogy of films. Maybe Star Wars but that didn't remain as just a trilogy, so I can avoid that debate!

What is your motto/mantra for life?

I do not think I have any but, going back to my love of films, a couple of memorable ones from films:- "It ain't how hard you hit, it's about how hard you can get hit, and keep moving forward." Rocky Balboa. "Worrying is like a rocking chair, it gives you something to do but it doesn't get you anywhere" Van Wilder - my friend from university would not forgive me if I did not include this. My wife sent me a quote that she thought was a good reflection on me, it was a quote from Paul McCartney "You can judge a man's true character by the way he treats his fellow animals". I love animals and when Alice starts asking to have pets I think it will be hard to say no.

Of all your life's achievements to date, what are you most proud of?

On a personal level, a joint achievement with Hayley, it would be Alice. On a professional level it has to be being made partner in April of this year.

How would you like to be remembered?

An honest, funny and genuinely nice guy.



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