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## Introducing our new Probate Service

We are delighted to announce our new Probate Service after receiving a licence to undertake non-contentious probate work from the Institute of Chartered Accountants in England & Wales (ICAEW).

Two of our partners, Amanda Ireland and Leigh Jones, along with associate Alison Collier have obtained the necessary qualifications to become Probate Practitioners.

Amanda explains more inside on the services we can offer and how we can help with probate matters, see page 01 for further details.

We also introduce Sittingbourne client Julie Gamble of Julie Gamble Advanced Skin Care & Beauty Clinic, who demonstrates the importance of diversification in running a successful business, see page 07.



Therapist Abi of Julie Gamble Advanced Skin Care & Beauty Clinic treating a client.



Make sure you are aware of all the April changes to payroll rates.

**Page 03**



Tax Manager Daniela Jarosova looks more closely at changes in the private sector to off-payroll working (IR35).

**Page 05**



We take a look at the changes you may need to make to payslips from 6 April.

**Page 10**

## Announcing our new Probate Service

We are delighted to announce that the firm has received a licence to undertake non-contentious Probate work from the ICAEW.

Two of our partners, Amanda Ireland and Leigh Jones, along with associate Alison Collier, have obtained the necessary qualifications to be Probate Practitioners.

While the firm has been carrying out related work for many years, legal restrictions previously prevented accountants from applying for probate on behalf of clients. However, those restrictions have been lifted to firms who are able to demonstrate their competence to the ICAEW. Having shown that competence we are now one of only a handful of Kent accountants to have received this accreditation.

We feel this is a great opportunity for the firm and our clients. Generally, we have a better understanding of our clients' financial situations, often having acted for years or in some cases, generations, for some, or all of the family. This gives us a huge insight into the structure of the family, and, of course, their financial circumstances. This means we have a considerable advantage and are far better equipped to deal with probate matters, than a practitioner without that background knowledge.

As a result, instructing us to assist with dealing with the estate of a former client or their family will not only be a quicker, more efficient option, but it will usually be cheaper, because we do not charge according to the value of the estate. We charge for the time spent in dealing with the matter, which generally will result in significant savings for the estate and ultimately, of course, for the beneficiaries.

One of the first questions a probate practitioner will have to ask a bereaved relative is whether the deceased had a will. You can read about the importance of having one in Ian Pascall's article on page 09



However, the existence of a will, while having the advantage of setting out the wishes of the deceased and generally being more tax efficient, does not necessarily mean that a non-professional will find it easy to administer. The personal representative(s) of the deceased will still have the task of calculating and paying the Inheritance Tax and obtaining the Grant of Probate before the administration even starts. For many this can be daunting at best.

Even after the tax is paid and the probate granted, actually administering the estate can be a huge burden at a time when the family are still coming to terms with their loss. For some, the thought of tackling this task is just too distressing to contemplate.

While many are capable of dealing with the estate, taking the red tape in their stride, they may choose not to, simply because it can be quite time consuming.

We are here to take away as much or as little of this as the family decides is appropriate for them. We can do everything from start to finish or just the bits that the family feel they do not want to undertake themselves.

It should give our clients peace of mind to know we have Professional Indemnity Insurance with a limit of £25m per claim, and in the unlikely event of a complaint, should a client feel we have not dealt with matters to their satisfaction, they have the right to complain to the Legal Ombudsman



If you would like any further information or a free no obligation quote please contact either Amanda or Alison on 01795 479111 or Leigh on 01227 373271. Full details of our Probate service can also be viewed [mfw.co.uk/probate/](http://mfw.co.uk/probate/)



**Author:**  
**Amanda Ireland, MIPA FABRP**  
**Partner & Probate Practitioner**  
McCabe Ford Williams, Sittingbourne  
**01795 479111**

## Some interesting facts about Probate

**Do you know that getting married or entering into a civil partnership usually invalidates a will?**

Unless a will is written in anticipation of marriage or civil partnership and the will contains clauses making it clear the will is to continue, it will automatically be revoked.

**Did you know it is possible to have two valid wills?**

If you make a new will or amend an existing will with a codicil, the new will or codicil should contain a clause revoking the previous will or specific provisions of the previous will. If there is no revocation clause any provisions in the earlier one that are inconsistent with the new one are revoked, but consistent clauses remain valid. Therefore, it is possible to have two valid wills!

**Do you know what happens to your will on divorce or annulment?**

The issue of a 'decree absolute' revokes any bequests to a previous spouse or civil partner and their appointment as trustee or executor of the will. Effectively, the former partner is treated as if they had died at the date of the decree absolute. The rest of the will remains valid though.

**Do you know the effect of a survivorship clause in a will?**

For a gift to succeed, a beneficiary must survive the testator even if only for a few hours or even minutes. If the beneficiary does predecease the testator then the gift is said to lapse and will become part of the residuary estate and if that fails will be dealt with under the intestacy rules.

An example of how the addition of this clause would make a difference is that of Mary (26) and George (28) who both die in a plane crash and it is unclear who died first. They both have wills leaving everything to each other, they have no children but both have mothers. As George is older he is deemed to have died first and his property passes to Mary and forms part of her estate. Mary's gift to George lapses and under the intestacy rules everything passes to Mary's mother. Had George included a survivorship clause his estate would have gone to his mother!

## New tax year... new rates, here is what you need to know

In April 2019, various new rates will come into effect. Here we look at the key changes.

### National Minimum Wage/Living Wage Rates

From 1 April 2019, the minimum hourly rates are increasing for all workers to the following:

Age Bracket	2018-19	2019-20
25 +	£7.83	£8.21
21-24 (inclusive)	£7.38	£7.70
18-20 (inclusive)	£5.90	£6.15
Under 18	£4.20	£4.35
Apprentices under 19	£3.70	£3.90
Apprentices 19 and over but in their first year of the apprenticeship	£3.70	£3.90

### Personal Allowance and Tax Bands

From 6 April 2019, the personal allowance will increase from £11,850 to £12,500 and the tax bands will increase to the following:

Tax Band	2018-19	2019-20
Basic Rate	£1 - £34,500	£1 - £37,500
Higher Rate	£34,501 - £150,000	£37,501 - £150,000
Additional Rate	Over £150,000	Over £150,000

Please also note that if you earn over £100,000, your personal allowance will decrease.

### National Insurance Contributions

From 6 April 2019, the employee and employer class 1 NICs will be increasing to the following:

Rates	2018-19	2019-20
Weekly Lower Earnings Limit (LEL)	£116	£118
Weekly Primary Threshold (PT)	£162	£166
Weekly Secondary Threshold (ST)	£162	£166
Upper Earnings Limit (UEL)	£892	£962
Upper Secondary Threshold for under 21s	£892	£962
Apprentice Upper Secondary Threshold (AUST) for under 25s	£892	£962
Employment Allowance (per employer - if you qualify)	£3,000 per year	£3,000 per year

### Pension Contributions

From 6 April 2019, minimum contributions are increasing for all **Automatic Enrolment Pensions**. The amount of increase will depend on your chosen workplace pension scheme. The majority of schemes are based on using qualifying earnings (currently earnings between £118 and £962 per week) to calculate contributions and these contributions are increasing as follows:

	up to 5/4/19	from 6/4/19
Employer minimum contributions	2%	3%
Total contributions	5%	8%

If you are not using qualifying earnings or use one of the set tiers, please refer to Pension Regulator guidance or your pension provider for guidance on new contribution rates.

### Statutory Maternity, Paternity, Adoption, Shared Parental Pay and Sick Pay

From 6 April 2019, statutory pay will also increase to the following rates:

		2018-19	2019-20
Statutory Maternity Pay (SMP)	first 6 weeks	90% of average weekly earnings	90% of average weekly earnings
	remaining weeks	£145.18 or 90% of average weekly earnings (whichever is lower)	£148.68 or 90% of average weekly earnings (whichever is lower)
Statutory Paternity Pay (SPP)	either one or two weeks	£145.18 or 90% of average weekly earnings (whichever is lower)	£148.68 or 90% of average weekly earnings (whichever is lower)
Statutory Adoption Pay (SAP)	first 6 weeks	90% of average weekly earnings	90% of average weekly earnings
	remaining weeks	£145.18 or 90% of average weekly earnings (whichever is lower)	£148.68 or 90% of average weekly earnings (whichever is lower)
Statutory Shared Parental Pay (ShPP)	weekly rate	£145.18 or 90% of average weekly earnings (whichever is lower)	£148.68 or 90% of average weekly earnings (whichever is lower)
Statutory Sick Pay (SSP)	weekly rate	£92.05	£94.25

### Student Loan and Postgraduate Loan recovery

From 6 April 2019, employees' earnings above the following thresholds will be subject to having student loan or postgraduate loans recovered:

		2018-19	2019-20
Student Loans	Plan 1 threshold - weekly	£352.50	£364.13
	Plan 2 threshold - weekly	£480.76	£494.71
	Recovery Rate	9%	9%
Postgraduate Loans (PGL)	Earnings threshold	N/A	£403.84
	Recovery rate	N/A	6%



As you can see, there are quite a few changes to absorb. Should you need any further help, or have any other questions about payroll changes, do please feel free to contact your local MFW office who will be pleased to help. [mfw.co.uk/contact/](http://mfw.co.uk/contact/)

Tina has also written an update on changes to payslips which come into effect from 6 April this year. See p10 for details.



**Author:**  
Tina Mitchell, MCIPDip  
Payroll Manager  
McCabe Ford Williams, Sittingbourne  
01795 479111



# Off payroll working in the private sector

## We take a closer look at IR35

Since April 2017 all public sector employers (or an agency or third party that pays the individual's company on behalf of the public sector body) have had to decide whether the contractors they engage should be treated as employees. These changes are, from April 2020, set to be extended to the private sector.

### Current rules

Working through a limited company has been around for a long time and ever since that time HMRC has increasingly been trying to address any associated anti-avoidance. HMRC estimate that out of all personal service companies about a third fall within the IR35 rules, whilst only 10% of those actually apply them.

For various reasons, individuals may be required to be operating through a limited company in order to secure a contract. However, if that individual's working arrangement is effectively that of an employee, then the fact they carry out the work via the medium of a limited company would simply be ignored, and IR35 rules would apply.

The individual would then need to deduct any tax and National Insurance from their earnings through payroll of their own company, in the same way an employer would.

### New rules

The decision of whether the individual falls within the rules will now fall on the engager, not the contractor, according to new legislation expected to be published in this summer.

Rules will apply from April 2020, affecting medium and large companies only. At this stage, it has yet to be confirmed whether or not the changes will eventually affect small companies as well.



It is anticipated that a small company would be defined in the same way as in company law, which treats a company as small if it meets at least two of the following conditions:

- Its turnover is not more than £10.2m
- Its balance sheet total is not more than £5.1m
- Its average number of employees is not greater than 50

The affected companies must ensure they have adequate processes in place to assess contractors' status under the new rules. The contractors, on the other hand, need to consider how they are going to be affected, especially if they are going to continue to operate through a limited company.

### New rules, old issues

It is worth mentioning that the basic issue remains the same, which is a question of whether a person would be treated as self-employed or as an employee if their limited company was removed from the equation.

HMRC has produced a 'Check Employment Status for Tax' (CEST) tool to assist with evaluating whether contractors fall within the new rules, which can be found here: [www.tax.service.gov.uk/check-employment-status-for-tax/setup](http://www.tax.service.gov.uk/check-employment-status-for-tax/setup). Whilst meant as a useful aide, the tool does not always produce the correct answer. This is difficult to do due to the number of different potential scenarios and relying on the user answering the assessment questions correctly. HMRC has committed to improving the reliability of CEST before the new rules come into effect.

On a positive note, the tool can be helpful in understanding what matters HMRC consider in determining the employment status, although that is not as straightforward as we would like it to be.

### How will the new rules impact businesses?

Ultimately, it will be the end client who would need to make a decision about their contractors. This means they would have to ensure that they have robust procedures in place to make an assessment, and be able to demonstrate this to HMRC if queried. There have been cases in the public sector where agencies and end clients disagreed about the status of workers further suggesting that the evaluation can produce ambiguous results.

The changes do not mean that working through a limited company will be banned, just that in those cases where the new rules apply, the tax advantages, if any, of operating through a company will be eroded and the complexity of accounting will be increased.

Particular care should be exercised when negotiating contracts, bearing in mind the cost would increase for engagers due to employer's national insurance together with the administrative burden of ensuring compliance, whilst contractors would be looking at higher income tax liability and national insurance.

### What action to take?

- If possible, direct employment would be preferable to remaining engaged as a contractor.
- Cash flow forecasts should be considered in view of PAYE rules coming into play, which will affect both the engager and the contractor.
- Taxpayers should be cautious of creative solutions designed to outsmart the new rules. Beware that some suggestions we have already come across are likely to fail.

### Summary

The good news is that the rules will not be applied retrospectively but it is essential, moving forward, that all contracts be reviewed. The decision will be the end user's responsibility and so any differences of opinion between agencies, workers and clients should be considered in that light. It is likely the changes will go ahead as intended and we therefore recommend that clients take action sooner rather than later.



**Author:**  
**Daniela Jarosova, ACCA CTA**  
**Tax Manager**

McCabe Ford Williams, Sittingbourne  
01795 479111

## Client Profile

## Julie Gamble Advanced Skin Care &amp; Beauty Clinic

Established in 1992, Julie Gamble Advanced Skin Care & Beauty Clinic is a unique beauty destination specialising in high-end skin care, and in particular, innovative anti-ageing treatments.

The clinic takes its name from owner Julie Gamble who had the vision to take the clinic from the original nail bar she first established almost 30 years ago, to the high-end skin care destination it is today. Key to Julie's success is her great commercial insight, knowledge and passion about her industry and her dedication to both her clients and staff.

#### Diversification is key

After setting up a successful nail bar Julie realised the need to diversify her business due to the emergence of cheap nail bars that started flooding the market. Adding more services and treatments to her range Julie expanded her business, gradually taking on more and more staff over time, and developing a loyal client following. With this expansion, however, came the need to find bigger business premises, which luckily took the shape of the vacant former bookstore next door.

Further diversification has followed over time, as Julie herself recognises, "that you can't be all things to everyone". Instead of expanding services, Julie opted to specialise in the area of anti-ageing skin care using state of the art equipment which owes much to science, and which, when combined with the team's expert knowledge, delivers visible and targeted results.

Her ability to identify products and treatments that work has also been instrumental. One such new cutting-edge treatment is Plasma Fibroblast, which the clinic launched this January. This 'soft surgery', non-invasive treatment, uses plasma to tighten skin and tackle other signs of ageing, delivering results that last for several years.



(Left to Right) Debbie Wilson of MFW meets with Julie Gamble and therapist Claudia (seated).

#### The backing of a great team

Julie is very proud of her team and the fact that they share her passion and enthusiasm. Many of her current team have been with her for over 15 years and she attributes this largely to her flexible management style and her commitment to ongoing training and development. They also share her passion for the industry and a desire to continue to develop their knowledge. Julie is developing her staff further by giving them greater responsibility for the business in order that the business' future is secure.

#### Customer care

Julie is delighted that she has retained many of her original clients who remain loyal ambassadors.

To ensure customer service levels are always first class, Julie employs the use of feedback forms and mystery shoppers to assess her and her team's performance. This has been helpful in the past in identifying small tweaks to improve the service, and the team are always willing to go the extra mile. It is this level of dedication, which has won her and her team various awards including being previous winners of the Swale Business Awards for Customer Service & Commitment.

In addition, and in recognition of her clients' repeat business, the clinic operates a loyalty programme designed to provide attractive offers and encourage the trialing of new treatments and products.

#### Never standing still

Over and above everything else, it is Julie's determination not to stand still that drives her forward in life, and in business. Julie is now focusing on establishing a training facility in order to pass on over 30 years of her knowledge and experience to new therapists. She has completed teacher training and some of her senior staff are soon to follow.

#### Working with MFW, Sittingbourne

For the last two years, Julie has outsourced her payroll services to MFW Sittingbourne. The payroll team comprises of Payroll Manager Tina Mitchell and Payroll Practitioner Debbie Wilson. Between them, they collate hours from Julie every four weeks and calculate staff holiday pay, tax, National Insurance and pension contributions. In addition, they upload payslips onto the payroll portal, send required reports to Julie and run auto-enrolment assessments as well as dealing with auto-enrolment uploads to the pension provider.

Tina and Debbie have just completed the 3-year cyclical re-enrolment assessment, and are currently in the processing of taking over all BACs payments to staff and HMRC on behalf of the business.

Julie says of the service she receives from Tina and Debbie,

*"Outsourcing services to MFW has been one of the best decisions I've made and I wish I'd done this earlier. Their knowledge is second to none and with demands from HMRC continually evolving, this has been invaluable. Any enquiries are dealt with promptly, by a knowledgeable and friendly team, where nothing is too much trouble. It's really reassuring for me and my staff to know that salaries will be paid on time, no matter where I am. Debbie has recently arranged to pay the wages straight from my bank account which means I don't have to do anything, which is brilliant and saves my time".*

#### Looking to the future

With Julie's foresight and her commitment to developing the team, we are sure there will be many more milestone anniversaries to come.



For further details of services available visit [juliegamble.co.uk/](http://juliegamble.co.uk/) or call the friendly team on 01795 420152.



## It could happen to any of us...

**A client, aged 37, recently collapsed and died leaving his wife and two children under the age of 6. His wife is unsure of any life insurance, pension, passwords etc., and so is having to go through the process of trying to find the information, as well as grieving.**

Last year another client was suddenly taken ill and subsequently died. He had always dealt with the family's finances and, again, his wife was left with the challenges of finding out what they had and how to access it.

Although we, as their accountants, have lots of information that can help, we do not as a matter of course know about ISAs, life insurance policies and current accounts. We certainly do not have a note of any passwords.

A short time ago I read about what some call a "Life Form". This form contains information on all policies, pensions, bank accounts etc., including account numbers, passwords and contact details so that one's nearest and dearest is able to find information should it be needed. Subject to ensuring suitable security of the information, a copy of this could usefully be put with your will.

I have done something similar in spreadsheet form, but it needs beefing up and, perhaps, it is something that we should all put together.

Of course, where older people are concerned, Powers of Attorney (POA) are often put in place whilst that person still has the mental capacity to do so. POA can be for Property and Financial Affairs or Health and Welfare. Often, both are put in place.

What are becoming increasingly popular are Living Wills. These are statements made by us giving instructions to our loved ones and healthcare professionals about our care should we be unable to make or communicate those decisions ourselves.

POA and Living Wills are usually dealt with by solicitors but,

of course, there's lots of helpful information on the Internet.

Even if you have nothing else in place, please have an up to date will. Wills enable your estate to be accessed and resolved easier and, perhaps as importantly, ensure that your assets go to those who you wish to benefit from them.

I often tell the story of a client whose wife sadly died at the age of 43 but did not leave a will. I assume she had thought that her half of the (substantial) house would go to her husband. Not so. Unfortunately, they held the house as tenants in common rather than joint tenants and, because of the limitation on the sum payable to a husband under the intestacy provisions, he had to borrow £75,000 secured on the house to pay in to a trust for the benefit of their children. A will could have avoided the need for this.

So, food for thought.

I'll try and write about something more cheerful next time.....



**Author:**  
**Ian Pascall, FCA**  
**Senior Partner**

McCabe Ford Williams, Dover  
**01304 204006**

## Payslips are changing - are you ready?



**From 6 April 2019, legislation is changing to state that all workers (including those paid by invoice) will be entitled to receive a payslip, not just employees.**

### What you need to know

Remember, payslips must be issued to workers on or before payday and must display certain statutory information by law. This includes the gross earnings before deductions, the net earnings after deductions and changeable deductions, such as tax and national insurance. The total amount of other fixed deductions must be displayed, however, you do not have to break these down (although it is generally a good idea to do so), as long as the worker has been given a written statement advising them of how this amount is made up. You will also need to display the method of payment together with information on how you are splitting the method.

### The Employment Rights Act 1996

In February 2018, The Employment Rights Act 1996 (Itemised Pay Statement) (Amendment) Order 2018 was introduced meaning that from 6 April 2019, payslips must include the number of hours worked and the rate of pay for those workers who are paid according to time worked (e.g. more commonly casual or zero-hour contract workers). These hours should be displayed as a single figure, or separate figures where different rates are paid for different types of work, and is to ensure that the worker can clearly see they are being paid at least minimum wage.

### Number of hours contracted

For those who are paid a set amount each pay period (i.e. salaried workers or set weekly amounts), you will still be able to display the rate as a "1 @ £X" type of payment. However, in the contract of employment, you must be able to clearly calculate the annual hours worked. Please note that HMRC will use 365.25 days per year, 52.18 weeks, (to account for leap years) when checking calculations.



For more information visit [www.gov.uk/government/publications/calculating-the-minimum-wage/calculating-the-minimum-wage](http://www.gov.uk/government/publications/calculating-the-minimum-wage/calculating-the-minimum-wage) or contact your local MFW payroll team. [mfw.co.uk/contact/](http://mfw.co.uk/contact/)



McCabe Ford Williams

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### Ashford

📍 Suite 1, Invicta Business Centre, Monument Way,  
Orbital Park, Ashford, TN24 0HB

☎ (01233) 504954

✉ ashford@mfw.co.uk

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### Cranbrook

📍 Bank Chambers, 61 High Street,  
Cranbrook, TN17 3EG

☎ (01580) 714111

✉ cranbrook@mfw.co.uk

---

### Dover

📍 Charlton House, Dour Street,  
Dover, CT16 1BL

☎ (01304) 204006

✉ dover@mfw.co.uk

---

### Herne Bay

📍 2 The Links,  
Herne Bay, CT6 7GQ

☎ (01227) 373271

✉ hernebay@mfw.co.uk

---

### Lenham

📍 1A High Street, Lenham,  
Maidstone, ME17 2QD

☎ (01622) 859797

✉ lenham@mfw.co.uk

---

### Maidstone

📍 89 King Street,  
Maidstone, ME14 1BG

☎ (01622) 683627

✉ maidstone@mfw.co.uk

---

### Sittingbourne

📍 Bank Chambers, 1 Central Avenue,  
Sittingbourne, ME10 4AE

☎ (01795) 479111

✉ sittingbourne@mfw.co.uk

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[mfw.co.uk](http://mfw.co.uk)   

[kentinsolvency.co.uk](http://kentinsolvency.co.uk)   

☎ (01795) 433655

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