

Season's Greetings

Welcome to the Winter issue

Wishing you and your family a Merry Christmas and a healthy, happy and prosperous New Year from the partners and staff of McCabe Ford Williams.



TAX MATTERS: VAT UPDATE

New VAT late submission and payment rules come into effect on 1 January 2023. Find out more inside.

Page 03



We meet Sam McGregor of The Bowl Inn, Charing and find out more about the life of a publican.

Page 05

WHAT'S THE MISSING WORD?

CHRISTMAS WORD SEARCH

Don't forget to enter our Christmas word search competition for your chance to win a £100 Marks & Spencer voucher.

Page 10

Christmas message from Senior Partner Ian Pascall

It's been another challenging year which I think, by adopting a bit of a seasonal theme, I can summarise as follows:

- * 4 Chancellors of the Exchequer budgeting
- * 3 Prime Ministers presiding
- * 2 Monarchs a reigning
- * And an invasion of Ukraine

It's not often that I feel sorry for a politician, but Boris Johnson became Prime Minister on the back of "getting Brexit done", which he did. Little did he know that he would also have to deal with a pandemic and a war in Ukraine. There's no doubt that, in the end, he had to go, but from then on, there was political and economic turmoil. As we all know, inflation and interest rates are the highest they have been for very many years.

Have Rishi Sunak and Jeremy Hunt now got it under control? Will the Chancellor's plan, set out in the [Autumn Statement](#) on 17 November, achieve the planned stability, growth and protect public services? Only time will tell.

So, what else has been new in 2022?

I've learnt some new words:

"Doom loop". Apparently, a doom loop describes a situation in which one negative action or factor triggers another, which in turn triggers another negative action or causes the first negative factor to worsen, continuing the cycle. Given what's happening in the world at the moment, it is easy to understand what this means.

As the world of work has experienced a drastic change since the pandemic, the change in workplace culture has resulted in a mindset that is currently dominating social media: **"quiet quitting"**, also known as **"acting your wage"**.

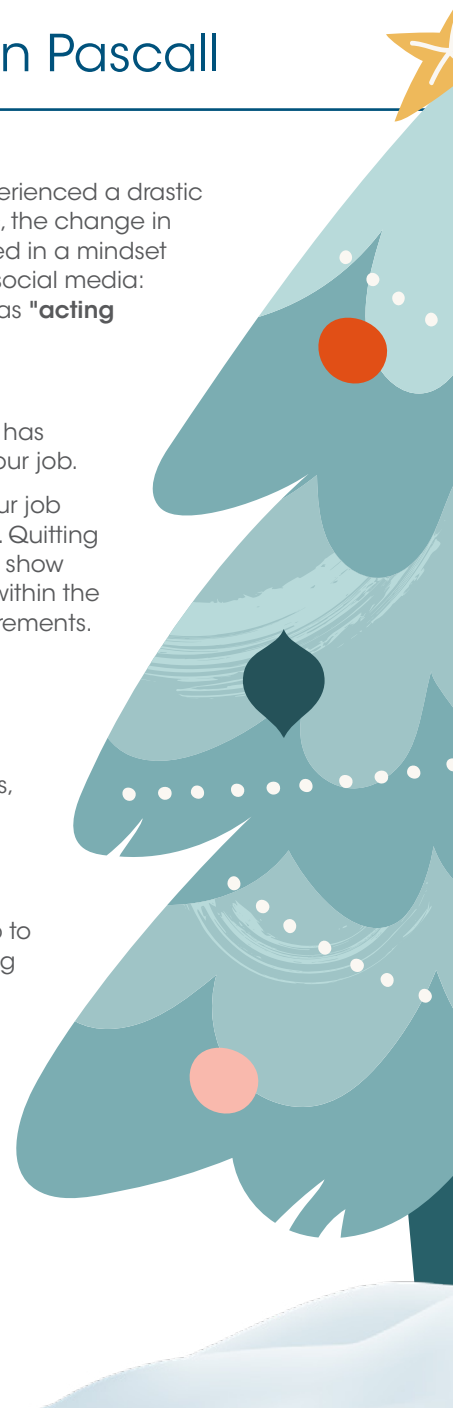
What's it all about?

Despite the name, it actually has nothing to do with quitting your job.

It means doing only what your job demands and nothing more. Quitting doing anything extra. You still show up for work, and stay strictly within the boundaries of your job requirements. So, no more helping out with additional tasks, or checking emails outside work hours.

Since the pandemic, an increasing number of workers, particularly young workers, have grown tired of not getting the recognition and compensation for putting in extra hours. They're saying no to burnout, and instead focusing on work-life balance.

Perhaps surprisingly, the overall movement may have its origins in China, where the





now-censored hashtag #tangping, meaning "lie flat", was used in protest against the long-hours culture. Yet, despite this, Elon Musk is still pushing ahead with a "if you don't work long hours, you're fired" style of management.

For sure, virtually every business person that I speak to has issues over recruitment and retention of good employees. Not only is there a skills shortage, there is, quite simply, a shortage of people, full stop.

What will 2023 bring?

Unfortunately, my crystal ball stopped working many years ago. The war in Ukraine and matters surrounding climate change are all going to be very relevant as we head into the new year.

For businesses, an increased cost base can only be managed by putting up selling prices. That creates inflationary pressures which result in demands

for pay increases. Of course, that's the doom loop! I would like to be enthusiastic about what 2023 will bring, but I am afraid that it will simply be "more of the same". I apologise for not being more upbeat.

Anyway, as we head into the Christmas and New Year period, I take this opportunity, on behalf of everybody at MFW, to send you seasonal greetings, and to hope that 2023 is kind to you.



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New VAT late submission and payment rules are coming

From 1 January 2023, new VAT late submission and payment rules will come into effect. The old rules will be replaced for VAT periods starting on or after the 1 January 2023 – therefore the first businesses affected will be those submitting monthly returns and those with a quarterly stagger to 31 March 2023. Any VAT due on returns before this date, will continue to fall under the old rules.

What happens if you submit your VAT return late?

Late submission penalties will work on a points-based system. You will receive a late submission penalty point for every VAT Return you submit late. Once a penalty threshold is reached, see table below, you will receive a £200 penalty plus a further £200 penalty for every subsequent late submission until your points are reset.

Submission frequency	Penalty points threshold	Period of compliance
Annually	2	24 months
Quarterly	4	12 months
Monthly	5	6 months

To reset your points to zero you must:

- submit your returns on or before the due date for your "period of compliance" and;
- ensure that all outstanding returns due for the previous 24 months have been received by HMRC.

What happens if you submit your VAT return late?

Up to 15 days overdue

You will not be charged a penalty if you pay the VAT you owe in full or agree a payment plan on or between days 1 and 15.

Between 16 and 30 days overdue

You will receive a first penalty calculated at 2% on the VAT you owe at day 15 if you pay in full or agree a payment plan on or between days 16 and 30.

31 days or more overdue

You will receive a first penalty calculated at 2% on the VAT you owe at day 15 plus 2% on the VAT you owe at day 30.

You will also receive a second penalty calculated at a daily rate of 4% per year for the duration of the outstanding balance. This is calculated when the outstanding balance is paid in full, or a payment plan is agreed.



Time to Pay arrangements

Agreeing Time to Pay (TTP) arrangements with HMRC, if agreed before the penalty deadlines, will mean that late payment penalties are not applied. However, if the TTP arrangement is subsequently broken, the late payment penalties will be applied. This is the case even if a single payment under the arrangement is late.

Period of familiarisation

HMRC has confirmed that during the first year of the new late penalties regime that there will be a period of familiarisation to allow taxpayers time to adjust. During the first year HMRC will not charge the first stage of the first penalty, 2% at day 15. This means that, provided you pay within 30 days of the due date, no late payment penalty will arise in the first year. Late payment interest will still apply though.

Interest rate changes for late payment

From 1 January 2023, the late-payment interest will change and will instead be charged from the day the payment is overdue until the date that the amount is paid in full. The interest rate will be the Bank of England's base rate plus 2.5%.

Interest rate changes for late repayment

The repayment supplement will be withdrawn for accounting periods on or after 1 January 2023. It will be replaced, with repayment interest, which accrues from the day after the due date or submission date, whichever is later, until HMRC makes the full repayment. The rate for repayment interest will be set much lower at the Bank of England rate minus 1%, subject to a minimum rate of 0.5%.

In summary

This is probably going to be welcomed by most VAT registered businesses. There are some attractive features to the new rules, in particular that if you miss the payment deadline by a few days then you will not receive a penalty (only late payment interest will apply). However, there are some unpleasant elements, such as missing TTP arrangement payments, which will be quite costly if overlooked.

Please do not hesitate to contact your local [MFW office](#) if you would like to discuss the impact of these changes on your affairs.



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Client Profile

The Bowl Inn, Charing

Client Sam McGregor's family have a background taking over rundown pubs and transforming them into successful thriving businesses. Winning over the pub's regulars whilst they do so. The family business originally started in the 1990s, when Sam's parents, Peter and Jan Watts, purchased The World's Wonder Public House at Warehorne (now closed), transforming it from a sleepy boozier to a good country pub with a great restaurant. Peter ran front of house, whilst Jan utilised her skills in the kitchen to provide tasty home cooked food, much to the delight of their regulars. However, after five successful years, Sam's parents decided to seek early retirement, or at least they thought so!

Sam, who was working as a recruitment consultant, decided she wanted to work for herself. She spoke to her parents about buying a town pub and going in to partnership together. An opportunity presented itself in the form of the very rundown The Carpenters Arms in Canterbury. Despite advice from various quarters not to go ahead with the venture, due to the enormous task that lay ahead of them, the family pressed on and worked hard to turn the pub around. This success led to purchasing another pub, The Two Doves in Nunnery Fields, Canterbury and, in time, The Bell & Crown. The family worked extremely hard to transform all three pubs adding their own unique touches as they went. Sadly, in September 2013, Jan passed away leaving Sam and her father to carry on.

The Bowl Inn

In 2014, another opportunity presented itself in the shape of The Bowl Inn, a 16th Century pub and former farmhouse. At the time of taking this on it was a successful pub and

bed & breakfast offering rooms for walkers. However, Sam and her dad, with their years of experience, knew that they would need to develop the business further in order for it to continue to thrive for many more years to come.

In 2019, the father and daughter team invested in The Bowl Inn by extending the pub and carrying out a sympathetic and luxurious refurbishment. This created a much roomier pub, which actually was their saving grace during Covid, when social distancing was mandatory. The expansion added a large restaurant with spectacular views. It also added three extra rooms, bringing the total to nine, including rooms with balconies overlooking the North Downs. Building work commenced in January 2019, with the restaurant opening in Easter and the rooms just a few months thereafter. Sam's husband Justin was the





major force driving the expansion lending his civil engineer expertise to the task and supporting the project both financially and mentally. Sam says that she simply could not have done it without him.

Alas, then Covid hit!

Sam and her father had no choice but to close the business in March 2020, only re-opening when it was safe to do so. Luckily, all three pubs have survived the pandemic with business now looking very good. Sam explains that a large factor of this is that during lockdown people realised that they could lose their favourite pubs if they did not regularly frequent them. In some respects, the Covid pandemic was beneficial to the business as it kicked alive the desire to spend a night at the pub, rather than just enjoying a tippale at home.



Whilst the locals were wary of change to start with, they soon got on board realising the passion that Sam and her father had for making The Bowl Inn a success. This was critically important as The Bowl Inn is now the only pub in the village. They also realised that all the developments that Sam and her father had planned would actually provide them with a better all-round experience.

The life of a publican

These days Peter takes more of a back seat on the day-to-day running of the pubs but manages the finances, a role he is ideally suited for, considering he previously worked as a financial advisor. Meanwhile, Sam tackles pretty much everything else with the help of her young but brilliant team consisting of 25 staff members. Whilst largely based at The Bowl Inn, Sam divides her time amongst all three pubs, making regular visits and spending time enjoying chatting with the locals and regulars of each. For Sam this is a very important part of the business as she recognises that 'people buy from people' and regulars like to have accessibility to their Landlord, something that large pub chains can never emulate.

She also has a tremendous eye for detail, which is apparent when meeting her. You soon realise that getting everything 'spot on' is very important to her and this can be seen in every aspect of the business, right down to the fun and often quirky fixtures and fittings which Sam takes great care in selecting. ➔



Client Profile, continued.

The Bowl Inn, Charing

Beer Festival

Sam's predecessor ran a popular Beer Festival to coincide with the Kent County Show. In true Sam style, she has added her touch to this 3-day event making it bigger and better. As well as offering 25 different locally sourced cask bitters, you can also choose from over 20 locally produced ciders, quaff a cocktail and enjoy a BBQ or hog roast, all whilst listening to live music. Justin is heavily involved with the festival as are Sam's friends and family who all pitch in to make the event a success, offering their time for free, for which Sam is extremely grateful.

Working with MFW

Sam and her father Peter are clients of Barrie Wright at our Ashford Office. Barrie and his team provide bookkeeping and payroll support, together with VAT and accounting assistance. Barrie also provides advice on tax planning and all other tax matters. During Covid, Barrie and his team also helped Sam and Peter calculate their complicated furlough payments. Sam says of working with MFW, *"I find the whole team very friendly and very approachable. They are easy to talk to and always at the end of the phone to explain anything I don't understand (which is endless when you are dealing with TAX/PAYE/staff wages, etc., etc.). Barrie was a great help over the Covid period and helped me with applying for the grants that the pubs were entitled to. Jackie in payroll is always on hand to advise with any staff queries and is a great help on payroll days."*

Looking to the future

For Sam, the next year will largely be a period of reflection to see what happens next. There are plans in place to refurbish The Carpenters Arms to give that a refresh but that is it for now. Currently, there are no plans for a fourth pub but as Sam says herself, "never say never!"

Tis the season to eat, drink and be merry - Christmas at The Bowl Inn

Christmas menus are available from now until 24 December prepared by The Bowl Inn's talented chef, Patrick Coevoet.

For directions, to make a restaurant booking or room reservation please call **01233 712256** or visit www.bowlinncharing.com.





Don't give Cyber criminals a gift this Christmas

The government's Cyber Security Breaches Survey 2022 for Micro and Small businesses highlighted that 38% of UK micro and small businesses have suffered a cyber breach attack in the past twelve months, with the average cost for those that lost data or assets being £8,170. Of those businesses surveyed, 82% reported that the attacks were down to phishing attempts but other businesses reported a more sophisticated incident such as a denial of service, malware or ransomware attack.

This report also highlighted that only 82% of businesses have up-to date anti malware protection and just 18% of micro and small businesses have a written incident management plan in place to deal with the aftermath of a cyber breach.

Small Business Cyber Guide

To help smaller businesses cope with the threat of cyber breaches the government have produced the [Small Business Guide – cyber security](#). This guide outlines five simple steps to help protect your business:

- **Step 1** - Backing up your data
- **Step 2** - Protecting your organisation from malware
- **Step 3** - Keeping your smartphones (and tablets) safe
- **Step 4** - Using passwords to protect your data
- **Step 5** - Avoiding phishing attacks

The site also provides the following advice/information:

For sole traders and micro businesses

Sole traders and firms with fewer than 10 employees can:

- access the [Cyber Aware campaign](#) which outlines practical actions you can take to improve your cyber security, and;
- create a free personalised [Cyber Action Plan](#), which will provide all the steps you need to take for your business.

For all small businesses

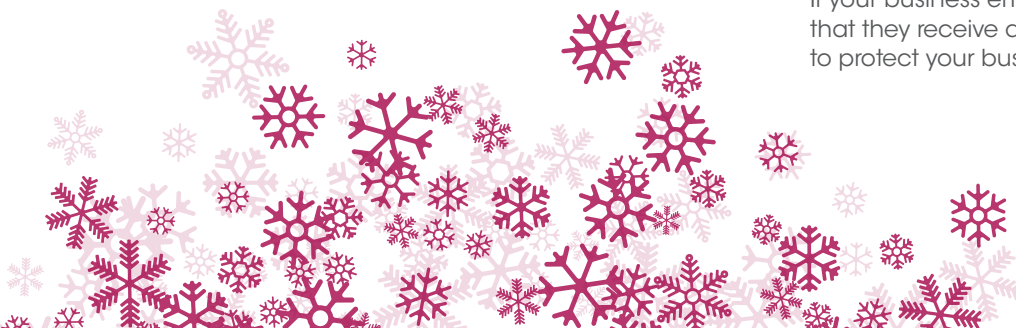
- The [National Cyber Security Centre's \(NCSC's\) Small Business Guide](#) provides practical advice to help small businesses of all sizes protect their business online.
- The [Cyber Essentials scheme](#) provides information to guard smaller businesses against the most common cyber threats.

Preparing for a cyber incident

The NCSC has produced the [Response and Recovery Guide](#), which helps small businesses prepare their response to a cyber incident and helps them to plan their recovery. It has also produced [Exercise in a Box](#), a free online tool to help organisations establish how resilient they are to cyber attacks and to help them to practice their response in a safe environment.

Training your team

If your business employs staff then you should also ensure that they receive adequate training to understand how to protect your business and to avoid online scams →



Continued Cyber Security

and fraud. The NCSC's [Staying Safe Online: Top Tips for Staff](#) is a free and easy-to-use training module, which should take your staff no more than 30 minutes to complete. Further information about this training can be found in [this blog](#):

The NCSC also provides other useful information including:

- advice for [moving your business online securely](#),
- [secure home working advice](#) and;
- advice on using [video conferencing securely](#)

Reporting fraud and cybercrime

Ensure you report any fraud and cybercrime to the police. They can be contacted any time, day or night via the [Action Fraud online reporting tool](#) or by calling 0300 123 2040.

Secure online shopping advice

Finally, if you are purchasing your gifts online this Christmas, as many of us will be, then it also pays to read the NCSC's guidance on [shopping securely online](#). This includes tips such as paying by credit card or via online portals PayPal, Apple Pay or Google Pay, together with advice on keeping your accounts secure.

The Rise, Fall & Rise of Corporation Tax

In our [spring issue](#), (page 07), partner Jonathan Fullarton explains the increase to 25% for Corporation Tax (CT) that takes place in April next year, and how to prepare for this.

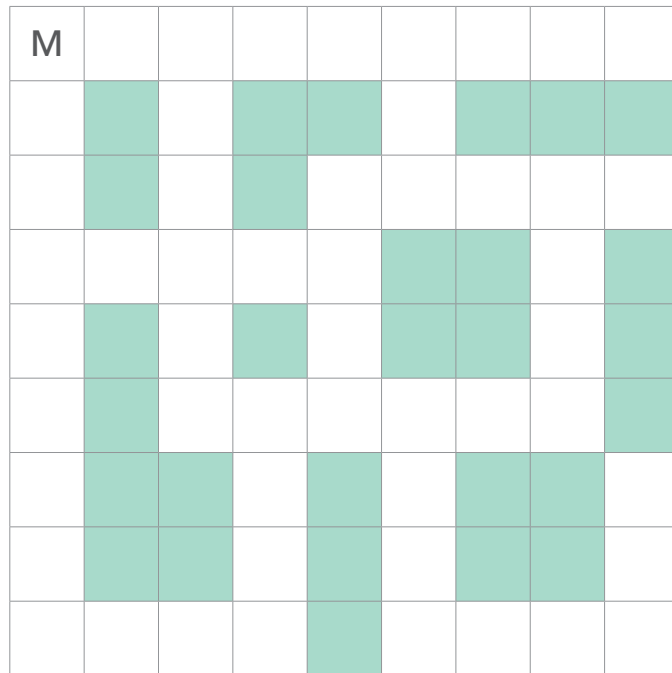
You would be forgiven for being confused about the CT rate following the different announcements that have followed since. As a reminder of this, on Friday 14 October, former Chancellor Kwasi Kwarteng announced plans, in his Mini Budget/Growth Plan, to scrap the increase. Just a few weeks later, however, his replacement, Chancellor Jeremy Hunt, made a U-turn to this decision announcing that the increase would go ahead, as originally planned.

We have, of course, been speaking to our affected clients about planning for this increase. However, if you are also worried about Corporation Tax and need some advice, then do please contact your [local MFW office](#) where a member of our team will be happy to help you.

C D B R D Q G U Q Z H L C Y L A P L Z
 U R E U F W F J T H G Q J Q I Y K A N
 O I M L H E R M R O F W Z X O X Q S E
 J O H R **M E R R Y C H R I S T M A S** C
 G V Z E I H I S R E W M W R F N
 W L H U T S O P T A T B E J E S G Q

MFW Christmas Word search competition

All of the words listed below are found in Christmas songs or hymns. Simply fit the words into the grid and you should find that you have one word remaining. To enter, tell us what that word is.



- | | | |
|--------|-----------|--------|
| away | midwinter | rain |
| cold | mistletoe | sleigh |
| eve | peace | snow |
| even | pear | white |
| herald | pie | Yule |

How to enter:

You can send your entries by post or email using the following details:

Karen Gray

McCabe Ford Williams, 2 The Links, Herne Bay, CT6 7GQ
 or, email it to karen.gray@mfw.co.uk.

Name:

Email:

Telephone:
(best number to reach you, if you are our lucky winner)

Your MFW Office:

The missing word is:

The closing date is **Monday 19 December**. 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 contact details so that we may get in touch with you in the event you are our lucky winner. Your details will be used for the purpose of this competition only and will be deleted immediately after the draw. The winner will be randomly selected from all the correct entries and notified shortly thereafter, with the prize dispatched prior to Christmas. Please note that this competition is not open to partners, staff and friends or family of McCabe Ford Williams.

Good luck!



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