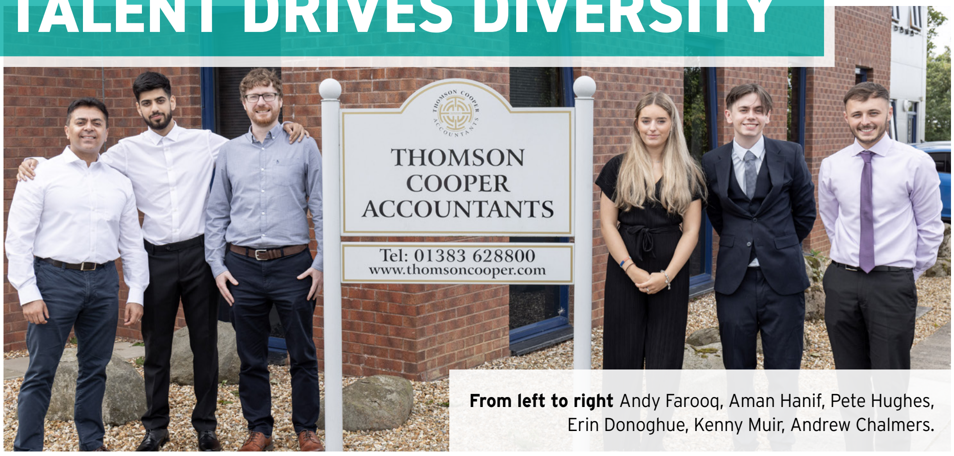
# JOURNALENTRY

Autumn 2023

## TALENT DRIVES DIVERSITY




**From left to right** Andy Farooq, Aman Hanif, Pete Hughes, Erin Donoghue, Kenny Muir, Andrew Chalmers.

**The theme of this newsletter is 'Ask the Expert', looking at popular questions our advisers throughout the business have been asked recently. Clients choose to do business with us for different reasons, but high on the list is a quality service and advice.**

We can only provide a high level of service because of our incredible team and the systems we have in place to support them. As we grow, we need to ensure we have a balance of skills and experience across all levels. Our recruitment strategy, managed by Partners Carrie Campbell and Elaine Cromwell, focusses on selecting candidates who will be a good fit within our team, followed by training and mentoring to build knowledge and secure qualifications.

The way we recruit our staff is evolving. We have found that choosing new team members at various stages in their careers has a positive impact on the dynamic within our business as everyone brings different skills and experiences. The variety of apprenticeships and qualifications available today is providing more opportunities for employers and employees.

Our recent recruitment of six trainees features a diverse range of talent selected from high schools, universities, industry and career switchers. The trainees are working towards qualifications at different levels including a Modern Apprenticeship; Graduate Apprenticeships; exams with the Institute of Chartered Accountants of Scotland (ICAS), the Association of Chartered Certified Accountants (ACCA), the Chartered Institute of Taxation (CTA) and The Association of Taxation Technicians (ATT), and a Diploma in Financial Services.

Each training programme is tailored to the individual, ensuring they gain the technical knowledge and skills required for their role, supported by senior colleagues within their team. In line with our values and culture, there is a focus on how the various departments work together to deliver a client-focussed service.

**ANDREW CROXFORD**
Senior Partner

## Autumn Statement Briefing Events


**It's a year since Rishi Sunak became Prime Minister. Since then, interest rates have risen from 2.25% to 5.25% and UK households watched their winter energy bills soar to record levels. High inflation caused by the pandemic, the war in Ukraine and labour shortages continues to push up prices and hinder growth.**

So what will Chancellor Jeremy Hunt have in store this Autumn to make life a bit easier for the masses? His budget in March 2023 contained measures to encourage the "economically inactive" back into work and help parents with childcare costs. Pension reform also signalled good news for higher earners. Considering a general election is set to take place next year, it could be reasonable to speculate he may have some vote-winning measures up his sleeves.

Join us for a concise summary of the Autumn Statement announcement, illustrated by clear examples. In addition, we will provide an overview of other significant changes in the tax regime that will impact both individuals and companies.
**THIS IS NOT TO BE MISSED!**

The events are **FREE** to attend, offering valuable insights for your business, as well as excellent networking opportunities. To book a place for yourself, and any colleagues you feel may also benefit from attending, visit **www.thomsoncooper.com**, our LinkedIn and Facebook pages, or call **01383 628800**. The deadline for registering is Thursday 16 November.

### Autumn Statement Briefing Breakfast, Edinburgh

Friday 24 November 2023 in the Princess Royal Suite at The Royal Scots Club Edinburgh, 29-31 Abercromby Place, Edinburgh EH3 6QE

| | |
|---|---|
| 08.00–08.30 | Networking, refreshments and bacon rolls |
| 08.30–10.00 | Presentation |

### Autumn Statement Briefing & Networking Lunch, Dunfermline

Friday 24 November 2023 at Carnegie Conference Centre, Halbeath Road, Dunfermline, KY11 8DY

| | |
|---|---|
| 11.00–11.30 | Networking and refreshments |
| 11.30 | Presentation |
| 13.00–13.30 | Buffet lunch |

# WHAT APPS CAN I USE TO STREAMLINE MY BUSINESS?

ELAINE CROMWELL
Partner

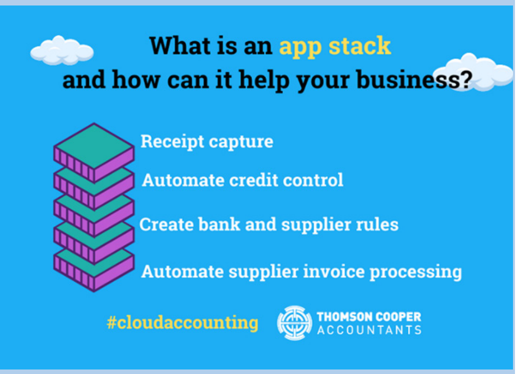
**Over the past few articles, topics such as app stacks and getting the most out of your cloud accounting solutions have been covered. However, as much as articles are a great source of information, they do not necessarily show you how the topics being discussed actually work in practice. In addition, they do not provide a platform for an open discussion and asking questions.**

## Sign up for our new Cloud User Group

As such, Thomson Cooper will be introducing a quarterly Cloud User Group session starting in 2024. The sessions will be presented by Partner Elaine Cromwell – who previously delivered our successful Sage User Groups. Our Online Accounts Specialist Arran Anders will also be presenting. Arran is regularly involved in training Thomson Cooper clients on our cloud solutions, and advises on add-on applications.

Each session will focus on hints and tips, plus updates on the recent releases across our accounting platforms and add-on applications.

Details of the Cloud User Group will be out in due course. If you would like to be added to our guest list or have any suggestions on what you would like covered, please email Carol at **marketing@thomsoncooper.com**.





# HOW CAN I AVOID ONLINE FRAUD?

**Online fraud occurs every single day within the UK. According to UK Finance.org there was over £1.2 billion stolen through fraud in 2022, which equates to over £2,300 every minute. This means that an individual is more likely to be the victim of online fraud than by being mugged on the street.**

The more digitally sophisticated we become, the more fraudsters do to catch us out. However, most frauds can be avoided by applying a common-sense approach.

For example, you receive an email from a supplier stating that they have recently changed their bank details and have attached an invoice with the new details. You log into your bank account and make the payment **BUT** how can you ensure the request is genuine?

Firstly, check the email address, does it look right? Check the spelling of the email. **Fraudsters will manipulate addresses ever so slightly to appear to be legitimate.** This is a method of email impersonation called "Email Spoofing".

Don't open the attachment if the email doesn't "feel" right. The attachment could contain what is known as a "Trojan". The files appear to be innocent and harmless when in fact they are **disguised files that when opened, gain access or even control and spy on your networks.**

Do not click on a website address on the email chain or signature, this could direct you to **a fake website landing page** which would give the illusion of the genuine website. If you do follow such a link, **DO NOT** use any of the "contact us" directories as they will likely take you straight to the fraudsters.

Similarly, **DO NOT** reply or use the phone number on the email.

If you are unsure of the authenticity of such an email, web search the company. Visit the website, phone the number (check the number if you have it on record) and inform them of the email you have received.

Text or WhatsApp messages are also susceptible, and this type of fraud is not wholly exclusive to suppliers. **Fraudsters will often impersonate HMRC**, notifying of false tax bills with links to pay. Do not follow any links. Log into your Government Gateway account, phone the HMRC helpline or alternatively, get in touch with Thomson Cooper and we will be able to advise.

Just by taking a step back and looking at the situation in hand can make all the difference. If you would like to know more about how to avoid online fraud please contact Outsourced Finance Manager Arran Anders at **aanders@thomsoncooper.com**.


# Should I keep my money in the bank now interest rates are high?

**As a financial planner the most common question I have been asked during our client meetings over the last few months is 'should I keep my money in my bank account now that the rates are high?'**

Up until recently, borrowers have 'enjoyed' low rates of interest in their mortgages and loans. However, because of a low interest rate environment, savers have suffered from next to zero returns from their savings.

Until now that is. With a high interest rate and high inflationary environment, institutions are offering fixed term deposit accounts with the highest rates in decades available of up to 6% if you are willing to lock the money away for a few years.

Given the mostly negative returns in investment portfolios during 2022 (particularly so-called cautious portfolios which include fixed interest assets such as gilts and bonds), the benefit of a 6% interest rate return seems attractive in the short term particularly. However, it comes with its own risks.

## What are the risks of having your savings in cash?

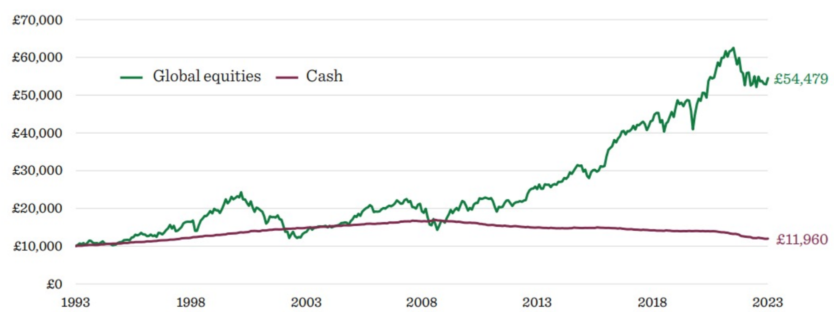
**Locking up your cash** If you come out of an investment to go into cash (e.g. a bank or building society savings account), you are no longer invested in assets which, over the long term, have historically beaten inflation. You may miss those periods where investments rise sharply which can have a significantly detrimental effect on long term returns, as seen by the chart below.

**Tax** The Personal Savings Allowance is a tax-free allowance which allows you to earn interest on your savings before you pay tax. The allowance you receive differs depending on your rate of income tax. The first £1,000 of savings interest that basic rate taxpayers earn and the first £500 for higher rate taxpayers is free from income tax. The higher interest rates are therefore bringing more people into potentially having to complete tax returns and pay tax than before.

**Inflation** Inflation, also known as the price of goods and services, has averaged around 2.5% in recent times but, as with interest rates, we have seen a sharp increase and a peak of 11.1% (Office for National Statistics August 2023) in October 2022. As of July 2023, the rate was 6.8%.

This level of inflation can have a hugely destructive effect on your savings, particularly over the longer term. For example, if inflation is at 7%, the real value of £10,000 over three years is £8,163 (source Quilter Investors as at 30th June 2023). Therefore, a cash account with a 5% return is, in truth, suffering a real loss over the longer term.

**The chart below shows how 10,000 invested in global equities over the past 30 years could be worth more than four times as much than if it had been held in cash (after adjusting for inflation).**




Source: Quilter investors as at 30 June 2023. Total return, adjusted for inflation, in pounds sterling over period 30 June 1993 to 30 June 2023. Based on an initial investment of £10,000. Global equities is represented by the MSCI All Country World Index and cash is represented by the Bank of England Base Rate. The information provided is for illustrative purposes only and doesn't represent the past performance of any particular investment. It is not possible to invest directly into an index.

Source of chart : Quilter 'The Impact of Inflation'

## Conclusion

A sound financial plan should always include cash for short term emergencies and capital expenditure. However, investing in the medium to long term in a well-diversified portfolio offers a chance to mitigate the effects of inflation if you can stomach the ups and downs of the markets.

Of course, professional advice should always be sought. For more information, contact Senior Financial Planner Gary Stirling at **gstirling@thomsoncooper.com.**

The information contained within this article is for information only purposes and does not constitute financial advice or recommendations. Thomson Cooper cannot assume legal liability for any errors or omissions it might contain. The value of investments, and the income from them, can fall as well as rise and investors may not get back the amount originally invested. The past is not a guide to future performance and past performance may not necessarily be repeated.

# HOW CAN LANDLORDS SAVE TAX?

**A backdrop of rising interest rates, the removal of mortgage interest higher-rate relief and the continued deterioration of capital gains tax reliefs/allowances, has exacerbated the issues faced by landlords in recent times.**

The various non-tax considerations, such as the registration requirement for short-term lets and toughened rules surrounding rent increases, are also causing headaches and making the business of letting property more challenging than ever before.

## Mortgage costs not covered by rental income

Since April 2020, no deduction has been allowed for finance costs against rental income. Instead, the landlord receives a 20% credit against their income tax liability (if a rental profit has been realised). A (profitable/higher-rate taxpayer) landlord with £10k of finance costs will now have an increased tax bill of £2,200 to pay compared to 2016/17. A landlord renewing their mortgage this year, unable to subject tenants to a corresponding rent increase, may be faced with mortgage costs which are not covered by rental income. Higher income tax can also arise now due to the non-deductibility for the costs of the initial purchase of domestic items (e.g. furnishings and white goods) and timing may need to be considered to make sure the cost is incurred on a replacement (which does qualify for tax relief).

## More pain, less gain

A landlord is also impacted when a property is sold. Gains realised on residential properties are subject to 8% higher tax rates than other assets, whilst the amount of gain able to be realised before tax hits is being reduced from £12,300 to £3,000 (from April 2024). HMRC have removed lettings relief (which could previously reduce gains by up to £40,000) in most cases. An additional reporting obligation has also been in place since 2020 where HMRC request a property tax return within 60 days of (most) buy-to-let property disposals, along with the payment of any liability arising.

The acquisition of a buy-to-let property is also where landlords are being faced with increased costs owing to the Additional Dwelling Supplement. In addition to the LBTT due on a property purchase, a supplement of 6% (increased from 4% from December 2022) applies.

With the current position causing pain for landlords, is there anything on the horizon that offers any hope of respite? Regrettably, there is not much to look forward to, with the potential for additional reporting requirements from the introduction of Making Tax Digital or the uncertainty surrounding a prospective new Government's attitude towards the private rental sector.

## What can be done?

Landlords must ensure they meet their reporting obligations within the specified timescale and **correctly claim the tax relief for the allowed expenditure**. Landlords should also **consider whether any practical planning measures can be implemented to minimise the impact of the above issues**. That could be transferring property interests to spouses, a family trust or a limited company, or considering the merits of furnished holiday let qualification.

Invariably, there is much tax legislation to negotiate for any option. If you have any queries in relation to any of these issues, please contact Senior Tax Manager Keith Hunter at **khunter@thomsoncooper.com**.

**"Education is the passport to the future, for tomorrow belongs to those who prepare for it today."**
Sir Thomas Johnstone Lipton

# FUN, FITNESS & FUNDRAISING

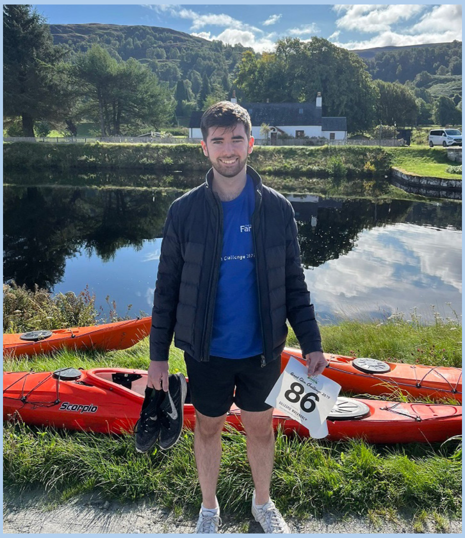
**We have been very busy recently, raising funds for two worthy charities.**

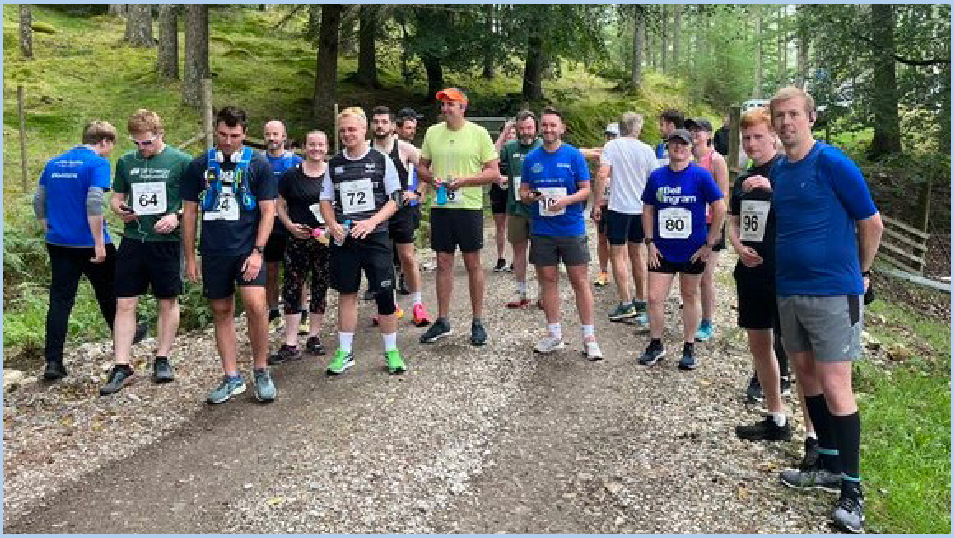
**Firstly, our team of talented 'jumpers' raised £880 and achieved 41,066 jumps in July for the '75 star jumps a day in July' challenge set by our 'Charity of the Year' Marie Curie. Marie Curie provide care and support for people living with any terminal illness, and their families, and last year they cared for over 40,000 people across the UK.**

Secondly, we are delighted to report that Team TC raised an incredible £1,530 and came a very respectable 9th out of 25 teams at the hotly contested Great Glen Challenge 2023 on Friday 25th August, in aid of Royal Scottish Agricultural Benevolent Institution – RSABI. The event raised over £50k in total to provide practical, emotional and financial support to people in need involved in the Scottish agricultural industry affected by illness, accident, bereavement and those struggling with their mental well-being.

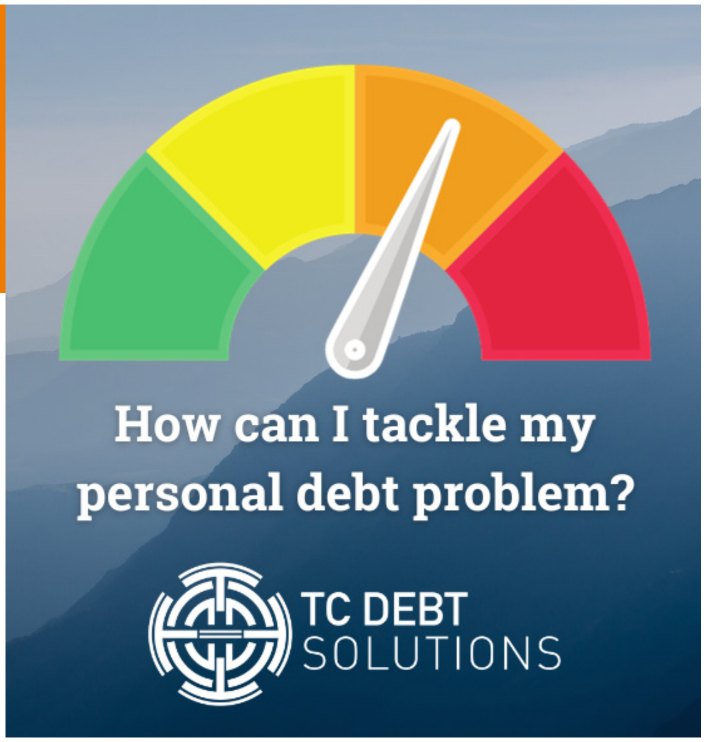
Partner Mark Mitchell came an impressive 4th in the 18km walking section, with less than ten minutes between the first four home. Partner Mark Gibson had another strong performance, securing 6th in the 17km running segment, with less than ten minutes separating the top six. Jayne Emery did a great job achieving 13th place in the gruelling 49km mountain biking route (where the winning time was under 2 hours!) and Sam Houston did us proud securing 14th place in the 6km kayaking challenge, despite only starting the sport a few weeks prior to the competition.

Well done to everyone who took part and thanks to those who sponsored us and made a donation. We really appreciate it.





# HOW CAN I TACKLE MY PERSONAL DEBT PROBLEM?




**With the recent surge in interest rates, elevated utility costs and a reported uptick in corporate insolvencies, we are also witnessing a slowly growing number of personal insolvency cases. In this context let's explore the changing financial landscape and discuss some of the options available.**

Throughout the course of the COVID-19 pandemic, legislation was enacted to provide a protective shield for individuals with personal debts. **One key measure was the extension of the personal insolvency moratorium from its initial six-week duration to a more substantial six-month period**. Importantly, this extension remains in effect today.

## What is a personal insolvency moratorium?

The personal insolvency moratorium plays a critical role in preventing further creditor actions. It grants debtors a six-month window or 'breathing space' to assess their financial situation, explore debt repayment strategies, or implement an insolvency solution.

## How much do you have to owe before a creditor can petition for bankruptcy?

While certain pandemic-related legislative changes have reverted to their pre-COVID status, others have been thoughtfully reviewed and adjusted. Notably, **the threshold at which creditors can petition for an individual's bankruptcy has been increased from £3,000 to £5,000**.

## What are the options for clearing problem debt?

Under the guidance of an approved money adviser, individuals facing personal insolvency can explore several options tailored to their specific circumstances:

1. **Debt Arrangement Scheme (DAS):** Operating under government legislation, the DAS aims to repay debts in full, while also freezing interest and charges. It additionally safeguards assets, including property.
2. **Protected Trust Deed:** A formal insolvency solution involving a structured agreement between the debtor and creditors. While offering some debt relief, it may put assets at risk. A licensed Insolvency Practitioner (IP), known as the Trustee, oversees this process.
3. **Bankruptcy (Sequestration in Scotland):** This formal insolvency process involves transferring the debtor's estate to the Trustee through a process known as "vesting." The Trustee assumes control of the debtor's overall financial situation, realising assets as necessary, and working with creditors to facilitate possible returns.

According to the latest statutory debt statistics report from the Accountant in Bankruptcy, some noteworthy trends have emerged. **Between March 2022 and March 2023, there was a 10.2% increase in DAS cases**, while bankruptcies rose by 2.3%, and Trust Deeds increased by 3.3% during the same period.

In these continually evolving financial times, it is imperative to stay informed about personal insolvency options and the changing legislative landscape. Our team is here to provide expert guidance and support as individuals navigate these challenges. If you or someone you know is seeking personal or corporate debt advice, please don't hesitate to reach out to us for assistance. Contact Senior Insolvency Manager Ian Brown at **ibrown@thomsoncooper.com**.

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