

# INSIDER MARCH 2015

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## Compliance costs SMEs

**SMEs pay almost £10 billion in tax compliance costs each year, according to research by the Association of Accounting Technicians (AAT).**

The survey of 500 businesses reveals that the average SME spends £4,376 complying with business taxes each year. Collectively, the SME sector spends £9.9 billion annually on tax compliance.

Important findings:

- ⦿ SMEs spend up to 2 hours each week on tax issues
- ⦿ 70% of SMEs say they spend too much time focusing on tax.

Small business owners say they would rather invest the money spent on tax compliance back into their businesses:

- ⦿ 1 in 3 would spend more on sales and marketing
- ⦿ 10% would use it to recruit more staff
- ⦿ 10% would increase their R&D budget.

Mark Farrar, chief executive of the AAT, said:

"SMEs are the backbone of British businesses but some are being weakened by a hidden £10bn tax burden.

"It is a strong indicator of just how hard dealing with tax can be when 80% of our members, experts at navigating through the intricacies of tax compliance, state that the UK tax system is too complicated."

### Focus on what matters most

By letting us shoulder your tax burden, you can give yourself time to focus on what matters most: your business.

Our accountants will:

- ⦿ minimise your exposure to business taxes
- ⦿ make sure you never miss a tax deadline
- ⦿ act on your behalf with the tax authorities.



*Contact us to discuss your tax position.*

## Number of small firms hits record high

**There are a record 5.2 million small firms in the UK, according to a government report.**

The number of small businesses has increased by 760,000 since 2010 and 4.5 million people are now self-employed, an increase of 500,000 from 2010.

The report reveals that more than £130 million has been lent through the Start Up Loans Company which has supported

25,000 start-ups and created 33,000 jobs.

### The dawn of alternative finance

However, businesses are increasingly looking towards alternative sources of finance. Data from AltFi reveals that during the first half of 2014, £1.3 billion was lent through peer-to-peer (P2P) lending and crowdfunding.

With a slowdown in bank lending, these new types of finance have been particularly popular with small firms and start-ups.

**P2P:** P2P firms connect you with investors across the world. The cost of borrowing through P2P can be lower than the deals you'll find on the high street.

**Crowdfunding:** Through the power of the internet you

can raise money from a large number of people. You can raise equity and debt finance by pitching your idea on a crowdfunding website and promoting it with social media.



*Talk to us about accessing business finance.*

## Businesses lack mental health policies

**Three quarters of employers don't have a workplace mental health policy, research by the Institute of Directors (IoD) and YouGov has found.**

The survey of 1,150 employees and 586 employers reveals that stress and anxiety affect the productivity of 32% of employees.

The research found that:

- 77% of employers haven't introduced a mental health policy in the workplace
- 7% have had discussions with employees about mental health issues in the last year
- 93% of businesses say that stress can affect staff performance
- 82% of companies think they should introduce a mental health policy to promote emotional wellbeing.

Simon Walker, director general of the IoD, said:

"Huge progress has been made, but society still has a long way to go in increasing awareness and understanding of mental health issues.

"Businesses have an enormous role to play in creating an environment where such issues can be discussed openly, effectively and safely."

### Combating workplace stress

According to the Advisory, Conciliation and Arbitration Service (Acas), employers risk subjecting their employees to undue stress if they:

- demand unreasonable amounts of work
- do not allow staff a say on how and when they work
- fail to provide support
- do not foster good working relationships among colleagues.

In order to minimise workplace stress Acas advises that employers:

- consider the needs of their workforce
- involve employees in decision-making processes and listen to their concerns
- set clear and defined goals for each individual
- have clear procedures for misconduct, bullying and grievances.



*Talk to us about employee health and wellbeing.*

## YOUR MONEY

### Year-end tax tips

There is only 1 month remaining of the 2014/15 tax year. Here is a summary of personal tax reliefs and allowances to use before the tax year-end.

#### Income tax

The personal allowance is £10,000 for 2014/15 and will rise to £10,600 in 2015/16. Make sure that your spouse or civil partner is taking advantage of their allowance in order to minimise your exposure to any higher or additional rate tax.

#### Capital gains tax

You are allowed to make up to £11,000 in capital gains before you begin to be taxed at 18%. Do you have any unused exemption from 2013/14 tax year? Have you made any capital losses you can use to offset your capital gains?

#### Inheritance tax

You will be charged inheritance tax (IHT) of 40% for all assets above the £325,000 nil rate band. Each tax year you can give away up to £3,000 in IHT-exempt gifts.

#### Pension contributions

You can invest up to £40,000 a year in a pension pot and get tax relief at your marginal rate. If you've used up your 2014/15 allowance, you can also carry forward any unused allowances from the last 3 tax years.



*Contact us to discuss planning your personal tax.*