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SME Newsletter

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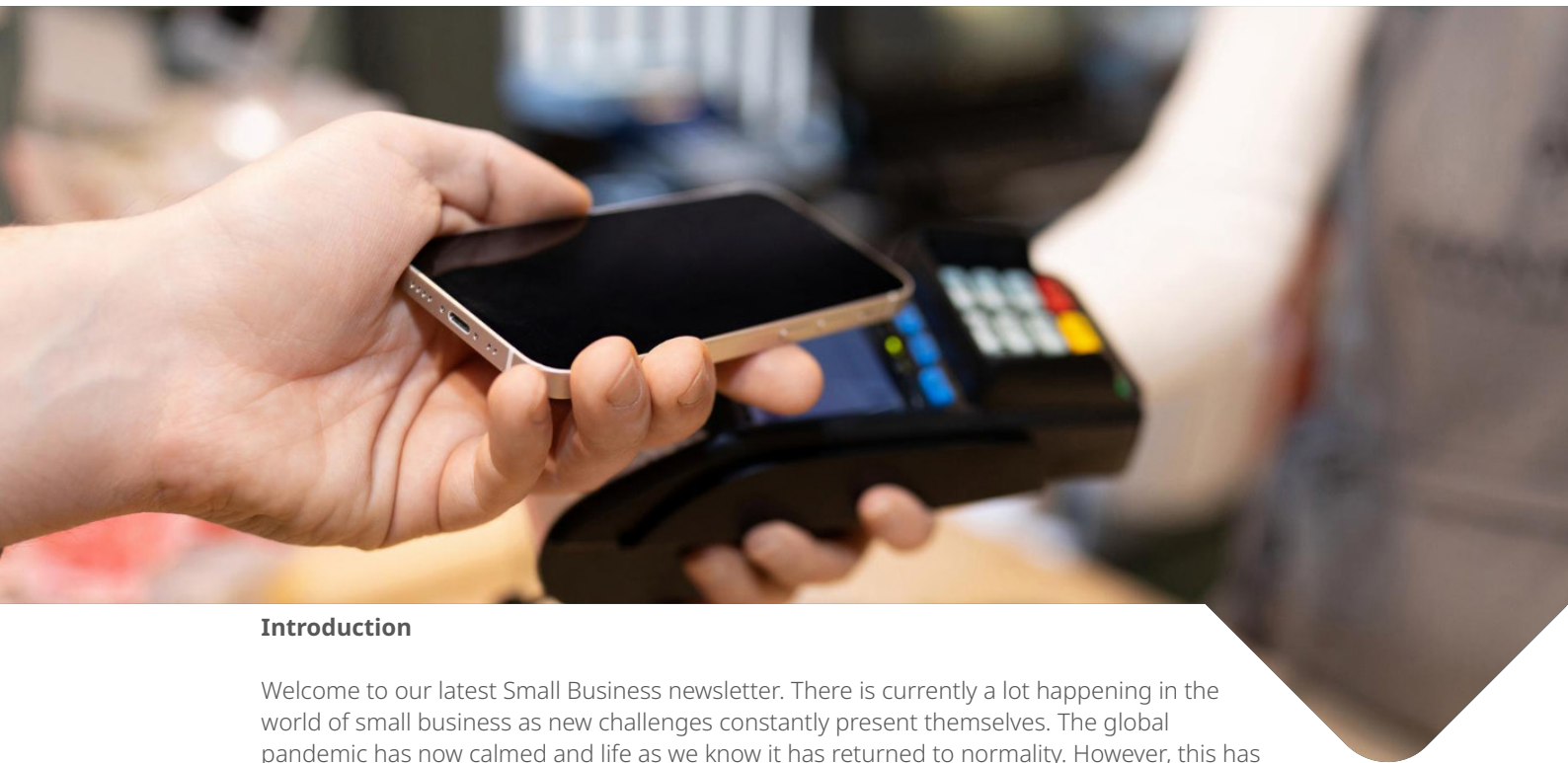


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Paul Wormald Partner



Introduction

Welcome to our latest Small Business newsletter. There is currently a lot happening in the world of small business as new challenges constantly present themselves. The global pandemic has now calmed and life as we know it has returned to normality. However, this has presented new challenges. Increasing consumer demand has led to high inflation due to supply shortages caused by the pandemic and the conflict in Ukraine driving up prices.

In this edition of the newsletter we will discuss the following:

- Energy Bill Relief Scheme for small businesses
- Advisory fuel rates for company cars
- Help to Grow: Digital scheme
- HMRC confirms MTD penalties from 1 November 2022
- How to avoid penalties for MTD on VAT

As always we hope you enjoy the contents of this newsletter and as ever please do not hesitate to contact one of our experts if you have any questions about any of these articles.

Paul Wormald
Partner



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Energy Bill Relief Scheme for small businesses

The government has recently announced its Energy Bill Relief Scheme for businesses. This scheme will give businesses a discount on their bills based upon a government-supported baseline price.

The government has said that small businesses will receive the same level of support as domestic customers. This news will come as a huge relief for many small business owners. Research conducted by Simply Business found that 54% of small businesses believe that increasing energy and fuel costs is their biggest challenge. This is something the Energy Bill Relief Scheme is helping to alleviate.

When does the scheme start?

The scheme begins on 1st October 2022 and ends on 31 March 2023.

Eligibility?

The scheme will be available to everyone on a non-domestic contract including:

- Businesses
- Voluntary sector organisations
- Public sector organisations such as schools, hospitals and care homes

Who are:

- On existing fixed price contracts that were agreed

on or after 1 April 2022

- Signing new fixed-price contracts
- On deemed/out-of-contract or variable tariffs
- On flexible purchase or similar contracts.

What discount is available under the scheme?

The discounted price under this scheme is:

- £211 per megawatt-hour (MWh) for electricity
- £75 per MWh for gas

How do I get the energy discount?

Small businesses will not need to do anything. The discount will be automatically applied to your bill. Businesses should start seeing the discount from November 2022 for the energy they have used in October.

How does the scheme work?

The government has said that they expect energy costs this winter to be £600 per MWh for electricity and £180 per MWh for gas. Therefore, when based on those costs the government supported discount will be worth £389 per MWh for electricity and £105 per MWh for gas.

What happens when the scheme ends in April 2023?

The government is expected to review the scheme in three months' time. This review is going to be focussed on whether the scheme is supporting the businesses that are most vulnerable by investigating if the support should be more targeted.



Advisory Fuel Rates for Company Cars

New company car advisory fuel rates have been published which take effect from 1 September 2022. Rates have increased for petrol and diesel vehicles.

HMRC reviews the advisory fuel rates quarterly on 1 March, 1 June, 1 September, and 1 December. The rates are based on the fuel type and engine size of the company car.

The fuel rates for journeys undertaken on or after 1 September 2022 are as follows:

PETROL

Engine size	Petrol – amount per mile
1400cc or less	15p
1401cc – 2000cc	18p
Over 2000cc	27p

LPG

Engine size	LPG – amount per mile
1400cc or less	9p
1401cc – 2000cc	11p
Over 2000cc	17p

DIESEL

Engine size	Diesel – amount per mile
1600cc or less	14p
1601cc – 2000cc	17p
Over 2000cc	22p

Hybrid cars are treated as either petrol or diesel cars for this purpose.

The advisory rate for fully electric cars is 5 pence per mile. Electricity is not a fuel for car fuel benefit purposes.

The rates apply when you either:

reimburse employees for business travel in their company cars, or require employees to repay the cost of fuel used for private travel.

The previous rates, which were effective from 1 June 2022, can be used for up to one month from the date the new rates apply, so until 1 October 2022.

Previous rates

From 1 June 2021 to 31 August 2022

Engine size	Petrol – rate per mile	LPG – rate
1400cc or less	14 pence	9 pence
1401cc to 2000cc	17 pence	11 pence
Over 2000cc	25 pence	16 pence

Engine size	Diesel – rate per mile
1600cc or less	13 pence
1601cc to 2000cc	16 pence
Over 2000cc	19 pence

If you would like to discuss your car policy, please contact us.



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Help to grow: Digital scheme

Help to Grow: Digital is a government-backed scheme that is looking to support eligible SMEs to choose, buy, and integrate software into their business.

What are the benefits of this scheme?

Through this scheme, eligible SMEs will receive a discount of up to 50% or £5,000 (excluding VAT) towards the cost of purchasing one approved item of software in the Help to Grow: Digital scheme. Eligible SMEs will also be able to access free impartial advice and guidance, including eLearning modules, to help implement the new software into their business.

Many businesses feel that the cost and knowledge that is required to implement new software is a huge barrier for them. This scheme is designed to help overcome this barrier and help SMEs implement new software into their business to help improve efficiency and productivity.

What software is eligible for a discount under the scheme?

- Digital accounting software
- Customer Relationship Management (CRM) Software
- eCommerce software

If you would like to see the full list of software that is available on the scheme then please visit <https://www.learn-to-grow-your-business.service.gov.uk/comparison-tool>

How can I apply?

If you would like to find out information and how to apply, please visit: <https://www.learn-to-grow-your-business.service.gov.uk/about-the-scheme>



HMRC confirms MTD penalties from 1 November 2022

Accountancy firms have been informed by HMRC that the “soft landing” penalty waiver for Making Tax Digital for VAT will be removed from 1 November 2022.

All businesses that file their VAT returns monthly or quarterly must now sign up to Making Tax Digital (MTD) and use MTD-compatible software to keep their VAT records and file their VAT returns.

Penalties may apply if customers are not following the correct process to file their VAT returns using MTD-compatible software from 1 November.

The amount businesses may be fined is dependent on their turnover. A penalty applies to each return filed incorrectly, and the penalty will be:

- £100 if turnover is below £100,000;
- £200 if turnover is between £100,000 and £5,600,000 inclusive;
- £300 if turnover is between £5,600,001 and £22,800,000 inclusive; and
- £400 if turnover is £22,800,001 or above.

*If clients are already exempt from filing VAT returns online (though these exemptions are very rarely approved by HMRC), or if they or their business are subject to an insolvency procedure, they are automatically exempt.



How to avoid penalties for Making Tax Digital for VAT?

Filing VAT returns

Businesses must file their VAT returns using functional compatible software. Most businesses are doing this successfully, but those who do not may be charged a £400 penalty for each VAT return filed.

Keeping records digitally

Businesses must also keep some records digitally within their functional compatible software.

Transferring/exchanging data between software programmes

If business transfers or exchanges data between software programmes, this should be done using digital links. Businesses must digitally link each piece of software they use. A digital link is where you transfer or exchange data electronically between software programs, apps or products. You must not transfer or exchange data manually.

Some examples of digital links are:

- linked cells in spreadsheets, including the use of 'cell number/return' functions
- emailing a spreadsheet containing digital records so the information can be imported into another software product
- transferring a set of digital records onto a portable

device, such as a pen drive or memory stick, and physically giving this to someone else to import that data into their software

- XML, CSV import and export, and download and upload of files
- automated data transfer
- Application Programming Interface (API) transfer

Please see the link below, from HMRC, that expands on these rules.

<https://www.gov.uk/government/publications/compliance-checks-how-to-avoid-penalties-for-making-tax-digital-for-vat-ccfs69/compliance-checks-how-to-avoid-penalties-for-making-tax-digital-for-vat-ccfs69>



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Get in touch



Our small business accountants

Hawsons has a dedicated team of small business accountants in Sheffield, Doncaster, and Northampton. Our Small Business Services Department is dedicated to helping smaller businesses, providing a range of tax and accountancy services to small and growing businesses. We generally help sole traders, partnerships, and limited companies.

Starting up a new business is a challenging process and there are many aspects a small business owner must consider. We have a proven track record in helping new and small businesses get off the ground and continue to grow. Our small business accountants can help in all aspects of setting up and running your business.



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