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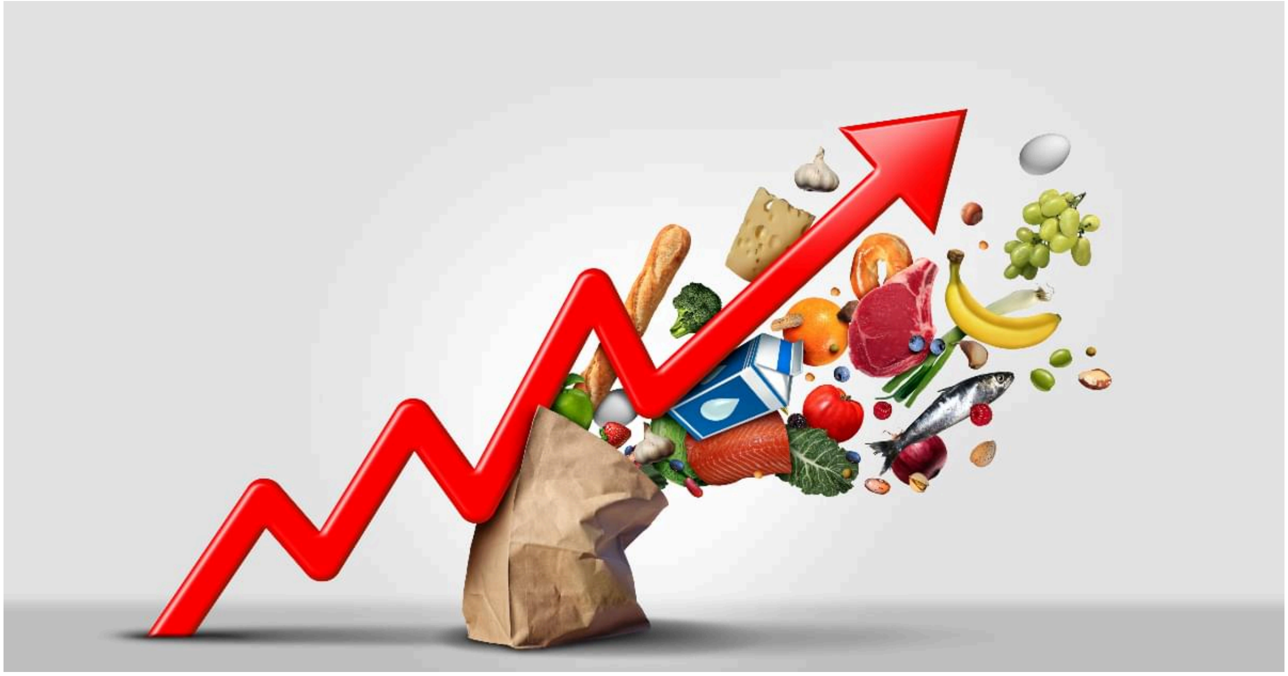
TAXTANGLE

Newsletter 25/11/24

to this weeks newsletter

This is our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

contact us



Inflation on the rise: What October's figures mean for businesses

The latest inflation figures from the Office for National Statistics (ONS) reveal that the Consumer Prices Index (CPI) for October 2024 rose to 2.3%, up from 1.7% in September. This marks the first increase in inflation since July, and it has sparked interest among business owners, economists, and policymakers alike.

The rise in inflation was widely anticipated, and as a result the Bank of England have already signalled that any future cuts to the base rate will happen gradually. However, the latest CPI figures make it unlikely that the Bank will reduce rates any further when they meet in December.

What's driving the numbers?

According to the ONS, the rise in inflation for October was largely driven by higher energy costs. However, other factors helped to balance the increase:

- Falling ticket prices: Live music and theatre ticket prices dropped.
- Lower business costs: Raw material costs for businesses have been falling.

Despite these offsets, some sectors faced steeper price increases:

- Services inflation: Inflation in the services sector, which includes services like haircuts, hotels, and airfares, rose to 5%.
- Alcohol and tobacco: Prices for these items rose sharply. Encouragingly though, food inflation remained unchanged from September.

What does this mean for your business?

The rise in inflation, though modest, signals shifts that businesses may need to navigate carefully:

- Energy costs: You should revisit your energy usage and consider whether you might be able to reduce costs, either through using energy more efficiently, or considering whether a different supplier or price plan could meet your needs at a lower cost.
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- Pricing strategies: Businesses in the services sector should prepare for potential challenges as rising costs affect consumer spending patterns. Balancing price increases with value will

be key to maintaining customer loyalty.

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- Cost control: With raw material costs easing, this may be a good time for manufacturers and retailers to lock in supply contracts or reassess margins.

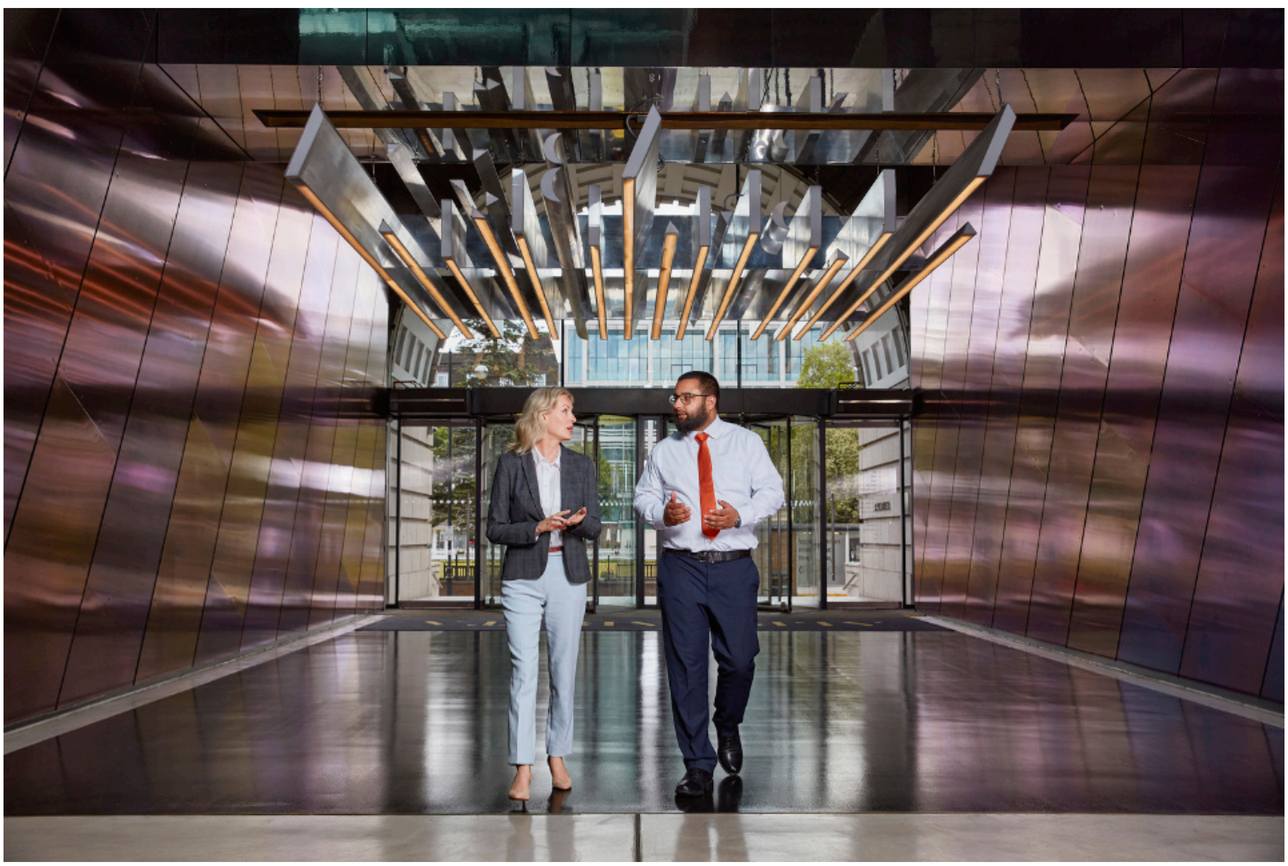
A broader economic context

While inflation has ticked upwards, this is in line with the Bank of England's forecast that inflation will temporarily rise again before reducing in 2025. For now, businesses can take heart that interest rates are unlikely to rise sharply in the near term. However, with base rate cuts now likely to come more slowly than had been hoped earlier in the year, borrowing costs will remain a factor for planning and investment.

Also, while October's figures suggest only a modest uptick, sector-specific changes - particularly in services and energy - highlight the importance of staying agile in your pricing and how your business operates.

This period of mild inflationary growth is an opportunity for forward-thinking businesses to fine-tune their strategies for the months ahead.

See: https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest



New UKEF guarantee boosts opportunities for UK engineering, design and technical services firms

UK Export Finance (UKEF), the UK's export credit agency, has launched a new initiative aimed at helping British engineering, design, and technical services firms secure international contracts. The Early Project Services Guarantee (EPSG) is designed to make UK expertise more attractive to overseas buyers while filling a key financing gap for the early stages of major projects.

How the EPSG works

The EPSG provides overseas buyers of UK services with access to private finance by guaranteeing payments to lenders. This assurance makes it easier for international buyers to choose UK firms for essential scoping and design work in the planning phase of projects.

Beyond this initial stage, the EPSG also opens the door for buyers to refinance their loans as part of the larger financing for the project's construction phase. This creates a life-cycle financing advantage, giving UK firms an edge in securing contracts for both the early and later stages of international projects.

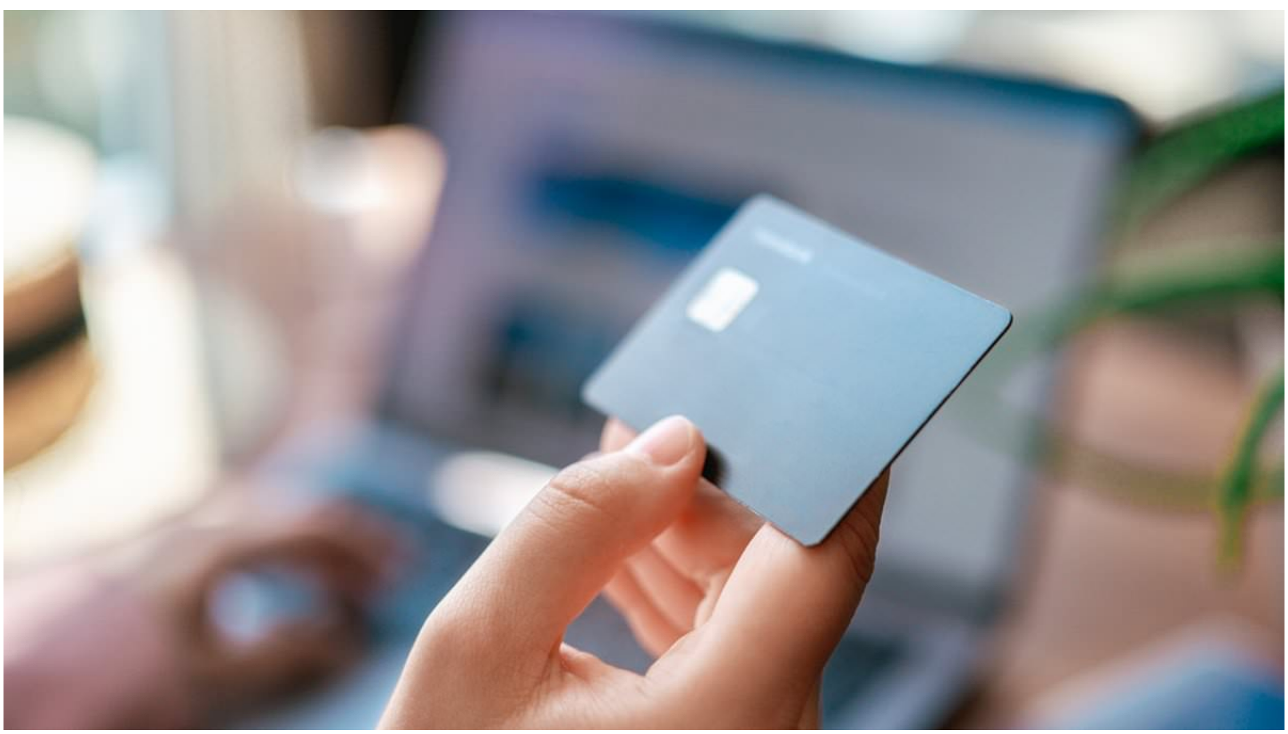
The EPSG addresses a long-standing gap in market provision for financing the preparatory phases of major projects. By supporting the services sector, UKEF aims to drive export growth across all UK regions.

What this means for your business

For UK businesses offering engineering, design, and technical services, the EPSG could be a game-changer in helping you explore opportunities in international markets. It could be the key to unlocking new contracts and expanding your global reach.

If you would like help with how your business could take advantage of this new scheme, or would like some broader advice on exporting, feel free to get in touch with us. We're here to help you seize opportunities and grow your business.

See: https://www.gov.uk/government/news/new-export-guarantee-champions-uk-engineering-and-design-services



Government proposes crackdown on “subscription traps”

The UK Government has launched a consultation to tackle so-called “subscription traps,” aiming to make it easier for consumers to cancel unwanted subscriptions and secure refunds. These proposals are designed to simplify cancellation processes and improve transparency, potentially saving UK families up to £1.6 billion annually.

<u>The problem: Trapped in subscriptions</u>

“Subscription traps” occur when consumers are misled into signing up for subscriptions, often via free trials or introductory offers, only to find themselves locked into costly plans due to unclear terms or complex cancellation procedures.

New figures reveal that nearly 10 million of the UK’s 155 million active subscriptions are unwanted, costing an average of £14 per subscription per month. From magazines to beauty boxes, many businesses employ cumbersome cancellation methods, including lengthy phone calls or restrictive opening hours, leaving consumers feeling trapped.

<u>Proposed solutions</u>

The consultation seeks input on measures to protect consumers while ensuring businesses can still offer subscription-based services. Key proposals include:

- Simpler cancellation processes: Looking at the arrangements businesses need to put into place to help customers conveniently cancel a contract.

<u>Next steps</u>

The consultation is open to businesses offering subscription services, consumer groups, and enforcement agencies, so that all perspectives can be considered.

To see further information about the consultation and participate, see: https://www.gov.uk/government/consultations/consultation-on-the-implementation-of-the-new-subscription-contracts-regime

Stay safe during Black Friday season

The National Cyber Security Centre (NCSC) has reported that shoppers lost over £11.5 million to online criminals between November 2023 and January 2024. Each victim lost an average of £695. A total of £10.6 million was lost the previous year.

The Black Friday season can be a good time to find bargains for businesses as well as individual shoppers. However, it's evident that online criminals are doing their best to take advantage of the increased shopping activity.

It's important then that you and your business exercise vigilance during this time. NCSC advise that criminals will often create false urgency by using limited-time offers or promoting items that seem scarce or not widely available.

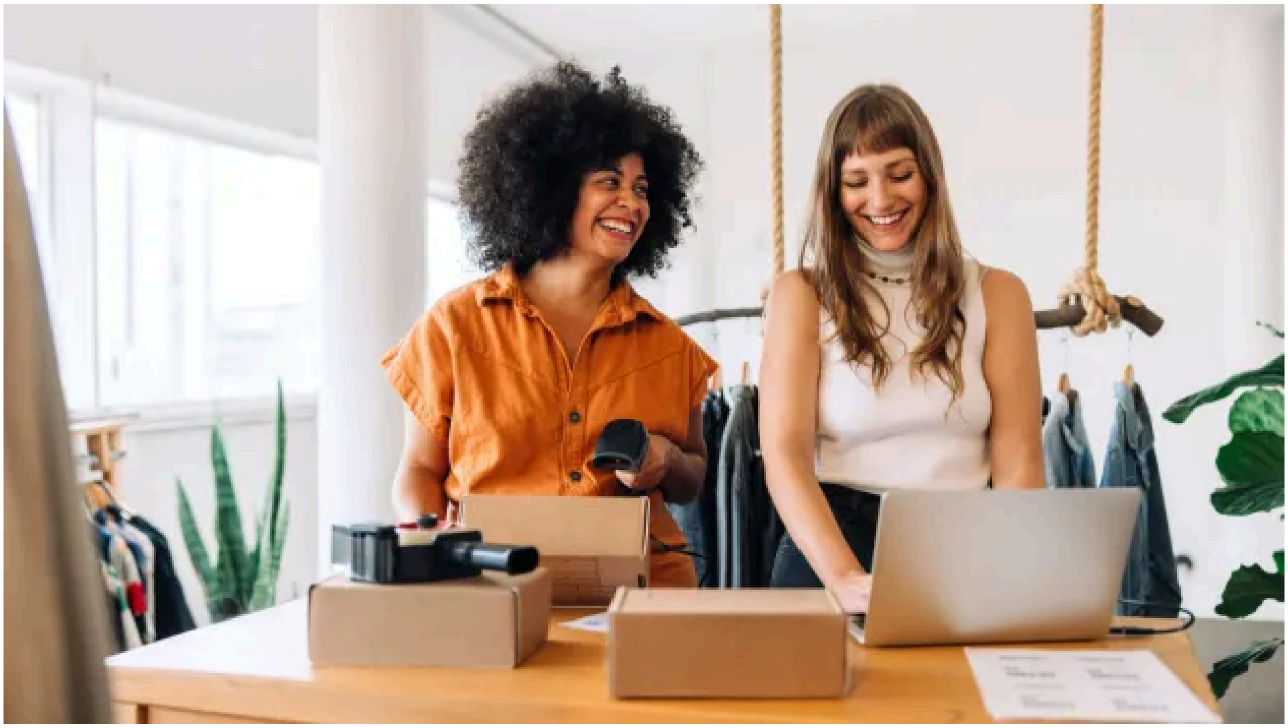
Anyone involved in purchasing should be made aware that if they see or hear anything that doesn't seem quite right, they should immediately:

1. Break the contact and don't click on any links.
2. Research the company or seller by looking at reviews on trusted review sites.

Another important step that the NCSC recommends taking is to enable two-step verification on any online accounts you have. You should also make sure that all online accounts are protected with a memorable but secure password.

By taking these essential measures you will help protect yourself and your business from fraud while you track down any bargains!

To review the report and guidance in full, see: https://www.ncsc.gov.uk/news/black-friday-warning-figures-reveal-rising-losses-scams



Are you ready for new B2B parcel arrangements between Great Britain and Northern Ireland?

New arrangements will apply to business to business (B2B) parcels sent from Great Britain to Northern Ireland under the Windsor Framework, effective from 31 March 2025. The changes were originally due to come into effect from 30 September 2024, but this was delayed to March next year.

Businesses will need to make sure they are prepared for these changes, which include distinct processes for business-to-business (B2B) and business-to-consumer (B2C) shipments.

<u>What are the key changes?</u>

For B2B Parcels, information must be submitted via the Customs Declaration Service (CDS). Your parcel carrier will handle this but may ask you to provide the additional information they need to do this. You may also need to pay duty. If you haven't done so already, speak to your parcel carrier so that you are clear on how they will be handling this new procedure.

A UK Internal Market Scheme (UKIMS) authorisation enables eligible goods to move without full customs declarations or duty. UKIMS can be used if your goods are for sale to, or final use by, end consumers located in the UK and aren't subject to an EU trade remedy.

If you don't hold one already you will need to apply for UKIMS authorisation. In view of the March 2025 deadline, we recommend starting this as soon as you can.

<u>B2C parcels</u>

When goods are sent to consumers (B2C) in Northern Ireland for their personal use, there are no individual customs declarations, duty or presentation of goods to customs authorities. However, your parcel carrier will need to collect some additional data from you, such as the recipient's details and a description of the goods.

<u>Next steps for businesses</u>

In view of the different processes between B2B and B2C, you will need to know whether your customer is a business or a consumer.

You may already know whether your customer is a business, but if you don't then the onus is on you to find out. The customer holding a business account with you, requiring a VAT invoice, or the volume or type of goods ordered from you could all be indications that they are a business.

You may also want to apply for UKIMS authorisation to simplify your B2B parcel movements and avoid unnecessary costs.

Talking with your parcel carrier is also important to ensure that you understand their systems and how you can provide the information they will need in a practical way.

To review the guidance, see: https://www.gov.uk/government/publications/moving-parcels-from-great-britain-to-northern-ireland-under-the-windsor-framework

Business rates reforms continue: What it means for you

The government has now published the legislation to deliver the business rates changes announced in the recent Budget. These reforms, set to take effect from the 2026/27 tax year, are designed to create a more balanced system, with notable benefits for smaller retail, hospitality, and leisure (RHL) businesses.

Here's what you need to know and how it might affect your business.

Relief for retail, hospitality, and leisure

Businesses in the RHL sectors with properties valued below £500,000 will benefit from “two permanently lower business rates multipliers”. This means a reduced tax bill for smaller high-street businesses, which could free up funds for growth, staffing, or other operational priorities.

Of course, RHL properties have already been receiving temporary relief to their business rates charges. However, the legislation will make permanent adjustments so this should provide greater stability of RHL businesses to plan.

Any relief here is likely to be welcome since high-street businesses are facing tough competition. The BBC recently reported that footfall in Ipswich town centre fell by a third in the past year. So, the high street is under significant pressure to find and maintain sales.

Larger properties to shoulder more

From 2026/27, properties with rateable values of £500,000 or above will see their rates increase, as a higher multiplier will apply. If you operate in higher-value premises, it’s worth factoring this into your financial planning.

This move is because the government intends to fund the reduced rates for smaller businesses sustainably by shifting some of the tax burden to higher-value properties. This may particularly be aimed at large warehouses used by the online giants, but isn’t limited to these firms.

How to prepare

Although these changes are still a couple of years away, there are steps you can take now to ensure you’re ready:

- Assess your properties: Review the rateable values of your properties to understand where you will fall under the new system.
- Review your current rates bill: Make sure that your property is currently being valued and assessed correctly. Agreeing necessary changes with the local authority can take time and effort, but will be worthwhile to make sure that you are getting any relief your business is due.
- Plan for rate increases: Larger businesses, particularly those in premium or urban locations, should start budgeting for the higher multiplier to avoid surprises when the changes take effect.

Looking ahead

Precise definitions of which businesses qualify for the lower rates, as well as the exact multipliers, will be confirmed by Autumn 2025. This clarity will be crucial for understanding the full impact of the reforms on your business.

For now, the key takeaway is that relief is on the horizon for many smaller RHL businesses, while larger property holders should begin preparing for increased costs.

If you’d like to discuss what these changes might mean for your business, please get in touch. We would be happy to help!

See: https://bills.parliament.uk/bills/3887

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