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BUSINESS NEWS - ENGLAND

Welcome to our round up of the latest business news for our clients. Please do contact Cognitor Accountancy if you want to talk with us about how these updates may affect your business. We are here to support you!

Highlights from the Chancellor's speech: What are the implications for tax and compliance?

The new Chancellor of the Exchequer, Rachel Reeves, delivered her first speech as Chancellor last week outlining her plans for revitalising the UK economy. While her speech was inevitably political and included criticism for the previous government while emphasising her own role, there were also some key takeaways for her plans on tax. Here's a summary with some comments on what they could mean for you.



By Kirsty O'Connor / Treasury - OGL 3

Economic Growth and Stability

The Chancellor emphasised that sustained economic growth is essential for improving living standards and prosperity in the UK. She stressed that economic stability is a top priority and she committed to keeping taxes, inflation, and mortgage rates as low as possible.

For businesses, this could mean a more predictable financial environment, which is essential for long-term planning and investment.

Tax Policy and Compliance

One critical aspect of the Chancellor's speech was that she reaffirmed the government's commitment to robust fiscal rules. And these include no increases in National Insurance, Income Tax (basic, higher, or additional rates), or VAT.

Whether deliberate or not is difficult to say, however it's notable that corporation tax was excluded from this mention of the other major taxes.

This may mean as indicated in the Labour party's manifesto that the corporation tax rate for small companies could increase.

Investment and Reform

To unlock private investment, the Chancellor confirmed plans to launch a National Wealth Fund, which she said will aim to catalyse investment in new and growing industries. This initiative could provide businesses with more opportunities for growth and expansion.

The Chancellor also stressed the need for significant reforms in the planning system. She announced plans for delivering additional infrastructure, including one and half million new homes over the next five years.

The Chancellor has also mentioned plans to end the de facto ban on onshore wind farms. She maintains that this will result in lower energy costs for all.

Implications for Businesses

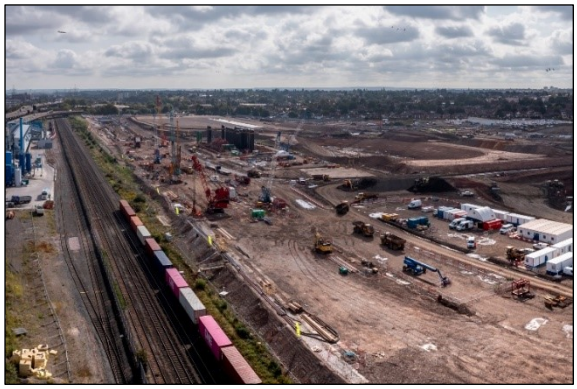
1. **Tax Stability**: The possibility of no increases in major taxes provides businesses with a stable fiscal environment, which is crucial for financial planning and investment decisions. However, whether the corporation tax rates for small companies will increase is still unknown.

2. **Economic Growth**: The focus on economic growth and stability, if realised, could lead to a more favourable business climate, potentially increasing consumer spending and business investments.

3. **Compliance and Regulation**: Businesses should be prepared for potential changes in compliance and regulatory requirements, especially as the government seeks to close tax loopholes and ensure robust fiscal management.

4. **Investment Opportunities**: The establishment of the National Wealth Fund and other growth-focused initiatives could create new opportunities for businesses, particularly in emerging and innovative sectors.

5. **Planning and Infrastructure**: Reforms in the planning system and prioritisation of infrastructure projects may reduce red tape and accelerate development projects, benefiting any businesses involved in the construction and real estate industries.



In conclusion, the Chancellor's speech sets out her vision for economic growth and stability, with significant implications for tax policy and business operations. The commitment to no income tax, national insurance and VAT increases, coupled with efforts to stimulate growth and investment, suggests the aim of providing a more stable and predictable environment for businesses.

If you would like to discuss how any aspects of the speech may affect your business, **please feel free to contact us at any time**. As experienced advisers, we can help you weather the 'storm' of change that a new government often brings.

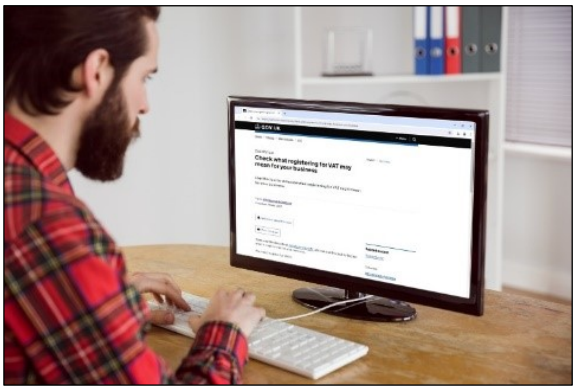
See: https://www.gov.uk/government/news/chancellor-unveils-a-new-era-for-economic-growth

New VAT registration tool released by HMRC

HM Revenue & Customs have released a new tool designed to help businesses find out what VAT registration would mean for their business.

VAT registration becomes mandatory if:

- your total taxable turnover exceeds £90,000 over the previous 12 months.
- you expect your taxable turnover to go over £90,000 in the next 30 days.
- you're based outside the UK and supply goods and services to the UK.



Taxable turnover refers to the total value of everything you sell except for anything that is exempt from VAT.

It is also possible to register for VAT voluntarily even if your annual taxable turnover is below £90,000.

If the majority of customers for your business are VAT registered then there is no increase in costs for them, and so voluntary VAT registration can be worthwhile so that you can claim VAT back on the purchases you make.

The new HMRC tool can help you to estimate what VAT might be owed or reclaimed by your business if you were to register for VAT. You are free to use the tool to explore multiple 'what-if' scenarios so that you can compare various situations and how you might be affected.

To use the tool, please see: https://www.gov.uk/guidance/check-what-registering-for-vat-may-mean-for-your-business

The new government's six first steps for change: Implications for your business

The new government has rolled out an ambitious plan to drive significant changes across the UK, and as your business advisors, we want to break down how these could impact you.

These initiatives span from economic stability to healthcare improvements, border security, energy production, social behaviour, and education reform.

Economic Stability

The government's primary focus is on restoring economic stability to boost prosperity and living standards across the UK. By sticking to tough spending rules, the aim is to keep taxes, inflation, and mortgage rates as low as possible.

For your business, this means a more predictable financial environment, which can enhance business confidence and potentially lead to increased investment. With improved economic conditions, consumers might also have more disposable income, potentially increasing demand for your products or services.

NHS Waiting Times

The government plans to cut NHS waiting times significantly, adding 40,000 more appointments each week during evenings and weekends. This will be funded by cracking down on tax avoidance and closing loopholes. Additionally, they will double the number of NHS CT and MRI scanners and offer 700,000 urgent dental appointments each year.

A healthier population means a healthier workforce, which could translate to reduced absenteeism and higher productivity for your business. However, be prepared for stricter scrutiny on tax practices as the government seeks to fund these healthcare improvements.

Border Security

A new Border Security Command will be launched to tackle criminal smuggling and trafficking gangs using counter-terror tactics. This could mean more robust border security, which may enhance the safety and reliability of your supply chains. However, businesses involved in international trade might experience more stringent checks and potential delays, so planning for these changes will be crucial.

Great British Energy

The government is setting up Great British Energy, a publicly owned clean-power company. This initiative aims to cut energy bills and boost energy security by investing in clean, home-grown energy production. The company will be funded through a windfall tax on oil and gas giants.



For your business, this could mean lower energy costs and new opportunities within the clean energy sector. Additionally, the investment in energy production is likely to create jobs and build supply chains, providing potential growth opportunities.

Antisocial Behaviour

To tackle antisocial behaviour, the government is deploying 13,000 extra neighbourhood police and PCSOs. They will also introduce new penalties for offenders and establish youth hubs to support young people at risk of being drawn into crime.

Improved community safety can create a more favourable business environment, but it's important to be aware of new regulations that might impact your business, especially if you operate in the kind of area that is prone to such behaviours.

Education Reform

Addressing teacher shortages in key subjects, the government plans to recruit 6,500 new teachers. This will be funded by ending tax breaks for private schools. They also plan to review and enrich the curriculum to better equip young people with the skills needed for life and work.

For your business, this focus on improving education standards could, in the long term, lead to a more skilled future workforce, enhancing your talent pool.

Conclusion

The government's proposed changes are far-reaching and designed to tackle some of the UK's most pressing issues.

For your business, these initiatives present both opportunities and challenges. While economic stability and healthcare improvements are likely to benefit businesses broadly, changes in tax regulations and increased border security may affect your compliance and operational strategies. The emphasis on clean energy and education reform also opens up new avenues for growth and innovation. As always, staying informed and proactive will be key to navigating these changes successfully.

See: https://www.gov.uk/government/news/our-first-steps-for-change

Embracing nostalgia: Why you should consider selling retro items and services



In a fast-paced world dominated by the latest technologies and trends, there's a growing counter-movement that celebrates the past: the nostalgia for retro items. From vintage clothing to classic video games, consumers are increasingly drawn to products and experiences that evoke a sense of nostalgia.

For businesses, tapping into this trend can be highly lucrative. As an example, the Cheshire firm, Harmon Technology, Britain's only manufacturer of 35mm camera film says sales of its ILFORD range of films and papers for black and white photography have grown over the past decade. They are making a multi-million-pound investment in new equipment to capitalise on the trend.

Here's why selling retro items and offering related services can be a smart move and how you can apply this strategy effectively.

The Appeal of Retro Items

1. **Emotional Connection**: Retro items often evoke strong emotional connections. They remind people of simpler times, childhood memories, or iconic moments from the past. These feelings can lead to a powerful response in people, and drive sales and loyalty to your brand.

2. **Unique Market Position**: In a market saturated with the latest products, offering retro items can set your business apart. It can attract a niche audience that is passionate about specific eras or styles, giving you a distinct competitive edge.

3. **Sustainable and Eco-Friendly**: Many retro items are pre-owned or refurbished, making them an eco-friendly choice. As sustainability more and more becomes a significant concern for people, offering retro products can align your business with these values and help you to attract environmentally conscious customers.

4. **Timeless Appeal**: Retro items often possess a timeless quality. Classic designs and proven functionality can transcend trends, offering a lasting appeal that modern, mass-produced items might lack. This timelessness can make retro products a reliable investment for your inventory.

Applying Retro Concepts to Services

The concept of "retro" isn't just limited to physical products. Service-based businesses can also leverage this trend in various innovative ways. To get the ball rolling, here's a few examples we thought of. Maybe you can think of others.



5. **Retro-themed Experiences**: Could you create themed events or experiences that transport customers back in time? Whether it's a 1950s American diner-style restaurant night, a retro arcade gaming event, or a vintage-style photoshoot, these experiences can be highly appealing and memorable.

6. **Restoration and Repair Services**: Could you offer restoration and repair services for retro items? From refurbishing vintage furniture to repairing classic cars and electronics, these services can really appeal to a market that values authenticity and preservation.

7. **Retro-inspired Design and Marketing**: How about incorporating retro aesthetics into your branding, packaging, and marketing materials? This can include using vintage fonts, colour schemes, and imagery that will appeal to a nostalgic audience. A cohesive retro theme can give you a strong brand identity that will attract like-minded customers.

8. **Educational Workshops**: Could you host workshops that teach skills related to retro hobbies or crafts? Classes on vinyl record maintenance, vintage fashion styling, or classic cocktail making can engage customers and create a sense of community around your business.

Practical Steps to Implement Retro Offerings

Of course it's one thing to have an idea, but it can be difficult to know where to start. Here are some practical steps you could take to help turn your idea into a successful reality.

9. **Research and Source Quality Retro Items**: Effort is needed to make sure the authenticity and quality of the retro items you offer is first rate. Any suppliers you use need to be reputable and you may need to look at how you refurbish items so that you meet modern standards while preserving their classic charm.

10. **Understand Your Audience**: You need to identify the specific nostalgic triggers for your target audience. You could conduct surveys as well as engage with customers

and potential customers on social media. The insights you gain can help you to tailor your offerings to their preferences.

11. **Create an Authentic Atmosphere**: When you offer retro services, the atmosphere is key. Try decorating your business space with period-appropriate details, play music from the relevant era, and train your staff to embody the spirit of the time. Authenticity really enhances the nostalgic experience.

12. **Promote Through Storytelling**: Where possible, share the stories behind the retro items and services you offer. You could highlight their history, significance, or the journey they've taken to reach your customers. Storytelling can deepen a buyer's emotional connection and enhance the overall experience for them.

13. **Leverage Social Media**: While social media is a modern invention, social media platforms can really help broadcast your business ideas and showcase your retro offerings. Share visually appealing images and engage with nostalgic communities. Look to create content that highlights the uniqueness and charm of your products and services.

Conclusion

Incorporating retro items and services into your business can open up new revenue streams, attract a dedicated customer base, and differentiate your brand in a crowded market.

By understanding the emotional appeal of nostalgia and delivering authentic, quality experiences, you can tap into this growing trend and create lasting value for your customers. You may find that embracing the past will enhance your business's future!

See: https://www.business-live.co.uk/retail-consumer/camera-film-maker-harman-reveals-29508796

Growth Guarantee Scheme now open for applications



The successor to the Recovery Loan Scheme, the Growth Guarantee Scheme, has now been launched by British Business Bank.

The Scheme, which helps smaller businesses in the UK to be able to access finance, opened to applications via accredited lenders on 1 July 2024. The scheme includes access to term loans, overdrafts, asset finance, invoice finance and asset-based lending.

A key feature of the Scheme is that the government provides the lender with a 70% government-backed guarantee. The guarantee is to the lender only, the borrower always remains 100% liable for the debt.

Criteria for being eligible include:

- The business (or the group) having turnover of less than £45m.

- Trading activity is carried out in the UK, and more than 50% of the business' income is from trading activity.
- The lender has to feel that the business proposition for the finance is viable.
- The business must not be in difficulty, including being involved in insolvency proceedings.
- Since the assistance is considered a "subsidy", the business cannot exceed the maximum amount of subsidy (from all sources) that they are allowed to receive.



Generally, finance facilities of up to £2m can be covered by the Growth Guarantee Scheme. Borrowers in scope of the Northern Ireland Protocol are generally limited to £1m.

If you need help raising finance for your business, or you are not sure which type of finance would be most suited to your needs, **please feel free to contact** us and we'll be pleased to help you.

For more information about the Scheme, see: https://www.british-business-bank.co.uk/finance-options/debt-finance/growth-guarantee-scheme

Please do contact us if you would like to talk about any of the articles. We are here to support you and your business!

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