

# INSIDER

JUNE 2021

**Morris Owen**

chartered accountants, business advisers and more...

---

## DEADLINE APPROACHES FOR SME BREXIT SUPPORT GRANT

**Smaller businesses have until the end of the month to apply for grants to help them adapt to new customs and tax rules when trading with the EU.**

The £20 million SME Brexit Support Fund offers eligible UK traders grants of up to £2,000 to access practical support, including training for new customs processes, rules of origin and VAT processes.

Small and medium-sized businesses that trade solely with the EU, and are therefore new to importing and exporting processes, are encouraged to apply for the grants.

To be eligible, businesses must import or export goods between Great Britain and the EU or move goods between Great Britain and Northern Ireland.

They also should be UK-based, have met all tax and customs obligations, have fewer than 500 employees on the books, and an annual turnover of £100m or less.

Mike Cherry, chair at the Federation of Small Businesses, said:

“Small businesses, often with few cash reserves, are for the first time facing complex new customs processes, VAT requirements and rules of origin.

“This fund will make a significant difference, so that a cash-strapped small business can afford to buy-in expertise, training and practical support.”

PricewaterhouseCoopers is administering the grants on HMRC's behalf. Applications close on 30 June 2021 or sooner if the £20m fund is allocated to SME traders before this date.

**☑ Speak to us about post-Brexit VAT compliance.**

---

## EMPLOYERS TOLD TO ISSUE CHILDCARE VOUCHER REMINDER

**Employers should remind working parents that they can reduce contributions into the childcare voucher scheme while they work from home.**

Since the start of the COVID-19 pandemic, many employees have been working from home and have used less paid childcare due to lockdown restrictions forcing nurseries and after or before-schools clubs to close.

Subsequently, HMRC has said that existing users of the childcare voucher scheme are racking up unspent childcare vouchers in their voucher accounts.

The childcare voucher scheme closed to new applicants in October 2018, but many parents continue to contribute up to £55-a-week via salary sacrifice.

In its bi-monthly employer bulletin, HMRC said:

“Can you remind your employees that they can reduce their contribution by speaking with you and agreeing to a new lower amount (both the employer and employee must consent)?

“Contributions can be increased again later when required and varying the amount will not affect eligibility to the scheme, provided that the normal conditions of the scheme are met.”

If employees still receive childcare vouchers through salary sacrifice, they might wish to check if they are better off financially on tax-free childcare.

For every £8 paid into a tax-free childcare account, the Government contributes £2, up to £2,000 per child (under 12 years old) per year, and £4,000 for disabled children under 17.

**☑ Get in touch to discuss tax-free childcare.**

---

## DIRECTORS BACK MANDATORY CLIMATE CREDENTIAL DISCLOSURE PLAN

**Most large companies and limited liability partnerships (LLPs) back plans to introduce mandatory climate-related financial disclosures, according to a report. .**

The Government launched a consultation on 24 March 2021, seeking views on a plan to require mandatory climate-related financial disclosures from publicly-quoted companies, large private companies and LLPs.

It aims to allow investors to compare the climate credentials of companies by providing access to standardised, comparable information from those companies which should allow more informed decisions to be made.

As part of this consultation, which closed last month, the Institute of Directors (IoD) polled more than 900 of its members and found 70% backed the move.

Additionally, 75% of directors believed either some changes or significant reform to the UK's corporate governance framework is required to take greater account of climate change.

In April 2021, the Government set a revised climate change target to reduce the UK's emissions by 78% by 2035 when compared to carbon levels in 1990.

The IoD said many directors already recognise the role their organisations must play in achieving this emissions target and that boards should lead the way.

Roger Barker, head of policy and corporate governance at the IoD, said:

"The climate crisis poses an existential threat to the global economy and wider society. It is imperative that business acts to minimise any further impact on climate trends.

"The Government has raised the bar by setting a challenging emissions target, but it can only be achieved if businesses respond, with boards setting a clear direction which is embedded throughout their organisations."

The changes to the current reporting rules are likely to cost the affected 1,600 companies and LLPs an estimated £132.9 million a year, according to a Government impact assessment report.

Should the consultation be written into law, it's likely to be announced in the next Budget – possibly in the autumn – and will take effect from 6 April 2022.

**📌 We can help you fulfill your statutory obligations.**

---

## HMRC SEEKS TO REMOVE VAT REPAYMENT SUPPLEMENT

**The 5% VAT repayment supplement is set to be replaced with the 0.5% repayment interest rate for accounting periods beginning on or after 1 April 2022.**

VAT repayments are usually made within 30 days of HMRC receiving a business's VAT return, but the tax authority can enquire into the VAT return before processing the repayment.

If HMRC does not authorise the repayment within 30 calendar days, the business receives compensation known as a repayment supplement.

Currently, this is 5% of the repayment (or £50 if greater) and is paid automatically by HMRC alongside the VAT repayment.

For example, if a VAT repayment of £10,000 is delayed by three months, the VAT-registered business might currently be entitled to a £500 repayment supplement. Under the new proposal, the interest it would receive will be £12.50.

The Chartered Institute of Taxation (CIOT) called on the Government to abandon its plan to deny business's interest from HMRC for the period in which the Revenue undertakes an inquiry.

While the CIOT's lobbying succeeded in getting the Government to amend Finance Bill 2021, it wants a rethink on its plans to end the repayment supplement amid fears of potential damage to a business's cashflow.

The CIOT welcomed further harmonisation of the interest and penalty regimes, but argued the timing of the change had left little time for MPs to scrutinise it.

Richard Wild, head of tax technical at CIOT, said:

"Removing the VAT repayment supplement has not been well publicised and seems to be happening below the radar.

"HMRC's annual report shows they repaid £92.9bn in VAT in 2019/20 – over six times more than income tax and National Insurance contributions. In some cases, delays in processing repayments could be devastating for the businesses concerned."

**📌 Talk to us about your VAT obligations.**