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A BRAVE NEW WORLD

How GWA Adapted to a
Different Way of Working

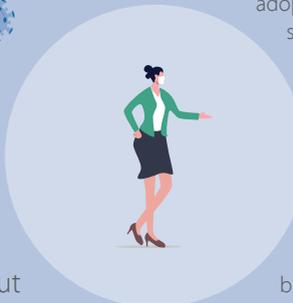


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How GWA Adapted to a Different Way of Working



Cast your mind back to February 2017. Remember those halcyon days of summer holidays abroad, meeting your mates for a pint after work on Friday, having your grandchildren to stay for the weekend At Greaves West & Ayre we were excitedly relocating our Berwick staff from 6 premises under one roof at our brand new Walkergate office. It was no mean feat of organisation and a move that was intended to meet increasing technological changes and future-proof our business. Job done for 25 years - or so we naively thought! Roll on three years and a global pandemic meant we had to make another seismic shift from running the business from our offices in Haddington, Berwick and Bournmoor to operating out of 90 spare rooms, home offices and kitchen tables across the country.



With some time to reflect, we thought we would speak to a few people who were instrumental in orchestrating GWA's new way of working and get their take on this historic year.



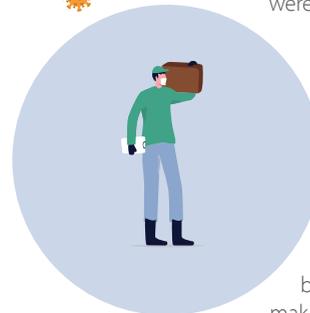
Managing Partner, **Colin Frame**, became aware of COVID-19 in January 2020 and began to monitor the situation. However it wasn't until a trip to Italy for a Six Nations Rugby match in February that he began to appreciate the scale of the threat and that it was going to have wide-reaching impacts. On his return he and the other GWA Partners stepped up their contingency plans. At GWA we have endeavoured to be at the forefront of the digital revolution within the accountancy profession. We installed our first computer over 50 years ago, were early adopters of Cloud Accountancy software and developed a team of qualified IT engineers that support our own operations and provide managed IT services to clients in over 30 locations nationwide. The significant investment in equipment, time and training we made when both designing and moving to the Walkergate building and also to facilitate the efficient running of the business systems across our Haddington, Berwick



and Durham offices laid a good foundation for the move to remote working. Even so, delays in the supply of extra equipment that was needed and the rapidly changing domestic COVID-19 situation meant we were still caught off guard when PM Boris Johnston made his lockdown announcement on 23rd March 2020.



After conferring with fellow Partners the first thing Colin did was to announce via all communication channels that from 24 March offices would be closed until further notice, all staff should stay at home and clients should get in touch with Partners via email. In actual fact, through tremendous team work and co-operation, most staff were up and running from their home workstations within one day providing GWA clients with business "almost" as usual. For a few people - mainly students, trainees and admin staff - working at home wasn't viable in the first lockdown so 17 members of staff were put on furlough.



Colin, a harbinger of the importance of effective communication to the running of any successful business, now had to stand on his principles. He says 'For me it quickly became all about making sure people had proper information so they weren't speculating saying "What ifs?". For the next few weeks he was thrown into a frenzy of acquiring, disseminating and sharing ever evolving information with fellow Partners, clients and staff; making fast decisions, communicating them to the relevant parties and providing as much reassurance as he was able to.

'Clients turned to us as trusted advisors. We were acting not just as chartered accountants but as a listening ear and a counsellor'. comments Colin. 'Likewise when it came to the staff, it was all about communication'. A communication strategy was put in place that became a well-oiled machine with regular updates to clients and daily briefings to staff.



When asked what would have helped him negotiate those first few weeks Colin said 'My biggest stress was becoming close to being completely overwhelmed with requests that needed a response from me -

I would have liked to be able to clone myself several times over'. And any positives to take from the situation? 'Some of the processes we have put in place for working and communicating will stay after we return to the office - the weekly staff briefing, Perkbox, webinars.'



For Practice Manager **Andrew Colls**, the hardest job was trying to work out how to put measures in place to keep the skeleton staff still based at our offices safe. Prior to official guidelines being released in May, he was constantly searching for information, reading updates and trying to learn how the virus was transmitted in order to make decisions. On a personal level he didn't see his partner, a key worker at Rotherham General Hospital, for 12 weeks which was very difficult. He is pleased though that GWA has managed to keep running throughout without a single positive case of COVID-19 in our offices.

Neil Forrest heads up GWA's IT team. From the early days of the pandemic he started to prepare for the eventuality of staff working from home. As mentioned earlier, one of the problems, which is ongoing due to a huge increase in demand, is accessing the necessary equipment at a reasonable price. To meet the shortfall, the team had to quickly refurbish and repurpose various items that had been 'retired' from service. Neil believes that the move, although busy and stressful at the time, was actually pretty efficient and this is down to a long term investment by GWA in good quality modern technology and systems. In the same way the team was able to support most of its clients through a smooth rollout to home working because of good working relationships developed over the preceding years. Microsoft Teams was introduced initially to provide phone connectivity between everyone working from home. The use of Teams

has grown and is now used extensively for video calls as well as staff keeping in touch with each other socially. As work restrictions have rolled on and the majority of staff continue to work remotely, GWA has upgraded its connectivity to a Gigabit. Neil says that GWA will continue to strategically invest in the most appropriate IT systems, equipment and training to support our services in this digital age.

There have been many changes to working practices since our Head of Accounts, **David Black**, joined GWA 38 years ago. However, nothing compares to the scale and immediacy of the 24 hour shift to remote shift working last March. Like Andrew, David has been one of the few team members who has remained in Walkergate in order to facilitate everyone else working from home. David's role has been hugely logistical, ensuring staff have enough work and support and systems are in place so the correct physical and electronic client records get to whoever needs them. GWA has been moving towards a paperless system for a while now, but in order to communicate with colleagues remotely and because not everyone had access to printers and scanners we switched to a fully electronic working paper system literally overnight. Although David is extremely proud of how the team has adapted, he misses the office buzz and camaraderie and is looking forward to seeing everyone back and resuming Friday night drinks at the pub.

Angela Bruce and **Lesley Clark** are responsible for HR within GWA as well as providing HR services to some of our clients. We asked them what challenges they encountered as they supported the team over lockdown. "Keeping people feeling like they are still a part of a team - motivated, supported and focused - when most are working from home is not so easy. We decided to make internal and external communication our top priority and used multiple channels.

One of the issues concerning us all during lockdown is how to maintain good mental and physical health and wellbeing.

Each week an informative email is sent to all staff on a theme such as seasonal disorder, anxiety, motivation or resilience. We also introduced a challenge that was designed to hopefully be fun and engage people in some sort of physical activity. We began several months ago, starting in Bournmoor, County Durham and each week virtually visit places of interest, ending up at our Haddington offices via Berwick of course. People join in by completing the distance between each stage in a variety of ways: on a treadmill, walking their dogs, climbing the stairs, cycling or however they choose. Photos and

comments on our Teams site have allowed us all to share in each other's journey along the way - examples are included in our Staff News section. The response has been terrific and it looks like we will be doing a second challenge after we reach Haddington!

When Christmas came around we had to come up with some new ideas for celebrating virtually and keeping everyone's spirits up. We decided to mark the 12 days in the run up to Christmas with a new and fun activity. Each day brought with it quizzes, competitions, a virtual bingo evening and virtual team get-togethers along with a range of themes and seasonal prizes. We also participated in the Berwick window display organized by the Chamber of Commerce and our admin staff did an amazing job with their interpretation of 'Jingle Bells'. Although lockdown over 2020 and 2021 has been hard for us all we have learned new ways to overcome distance and keep in touch."

A closing message to our clients is that when we say we are with you through thick and thin, we really mean it. We hope we have been able to demonstrate that to you over the last 12 difficult months and we look forward to sharing in calmer times ahead. Thank you for your support.



Budget Summary

Rishi Sunak delivered Budget 2021 earlier this month promising to do "whatever it takes" to support people and businesses through the pandemic. Our Budget summary highlights the key announcements and for a full report [please visit our website](#).

- the **Coronavirus Job Retention Scheme** (CJRS), often referred to as the furlough scheme, will be extended until September 2021
- support for the self-employed (**SEISS**) will also continue until September 2021 and those who have filed a 2019/20 tax return are now eligible
- the £20 a week increase to **Universal Credit** will be extended by another six months and **Working Tax Credit** claimants will receive a £500 one-off payment
- the incentive payments businesses receive for taking on **apprentices** increases to £3,000
- a new **Restart Grant** to further support non-essential retail businesses and the hospitality and leisure sectors was announced.
- the **Recovery Loan Scheme** will replace the existing Bounce Back Loans and CBIL/CLBIL schemes
- **Business Rate Holidays** will be extended through to the end of June 2021
- the 5% reduced rate of **VAT** for companies in the hospitality and tourism sector is to continue until the end of September 2021
- the current nil-rate band for **Stamp Duty** for property purchases of up to £500,000 in England and NI will be extended until the end of June
- a new government mortgage guarantee

- scheme was announced on home loans up to a value of £600,000
- small and medium sized businesses will be able to continue claiming up to two weeks of eligible **Statutory Sick Pay** (SSP) for employees affected by COVID-19
- **Corporation Tax** on companies with chargeable profits over £250,000 will increase from 19% to 25% from 1 April 2023. A tapered rate will apply to companies with profits between £50,000 and £250,000. There is an increase in the rate of diverted profits tax from the current rate of 25% to 31% from 1 April 2023
- a new "super-deduction" **Capital Allowance** of 130% will be available to companies who invest in qualifying new plant & machinery from 1 April 2021 until 31 March 2023
- the **Annual Investment Allowance** limit of £1million will continue to apply until the end of 2021
- businesses will temporarily be able to carry back Tax Losses of up to £2million by three years
- the **Personal Allowance** of £12,570 and the higher rate threshold of £50,270, will be frozen from 2022 to 2026
- **Marriage allowance** is increased to £1,260 for 2021/22
- the **National Living Wage** will rise to £8.91 from April 2021
- **Tobacco Duties** will rise by inflation plus 2%
- the **Contactless Payment Limit** will rise to £100.

As always, the exact tax implications will be specific to your individual circumstances. If you would like more detailed, one-to-one advice on any of the issues raised in the Chancellor's speech, please do get in touch.

Could a “Family Investment Company” be part of your family’s portfolio?

For a long time, Family Investment Companies have been the preserve of the very wealthy. But, even for those of modest wealth, the attractions of using limited companies to hold wealth is seeing them becoming more popular.

These attractions include income being taxed at a lower tax rate combined with effective extraction policies. They allow capital to be controlled by the senior generation whilst passing a substantial interest in it on for Inheritance Tax purposes. Use of different share classes can also address different needs of the family, typically with a mix of income shares, growth shares and freezer shares that can vary rights and votes to achieve a number of planning objectives.

Such companies can come into existence by chance, for instance when a business is sold from a family company and it becomes a cash shell that would suffer further substantial tax if wound up.

In other cases, they are deliberately set up and can be funded with cash or investment injection to establish them. These can either be for shares or a mix of shares and loans that can be repaid over time allowing effective tax-free withdrawal of cash until repaid.

They can be particularly useful if there is land or investment properties that can pass a test as qualifying as a business in tax terms. In cases like this, any pregnant gains in the assets can be rolled over into the shares themselves when the business is incorporated. The subsequent sale of the assets by the company can be based on a much higher uplift to market value on transfer to the company, resulting in a potentially considerable saving on the sale of development



land or winding down a property portfolio. The gain in the shares falls away on death or shares can be gifted into family trusts with holdover elections.

Specialist help and advice is required as there are tax avoidance issues to be aware of. They are also perhaps at the more aggressive end of tax planning and HMRC is said to be concerned about the growth of use of them. So some further tightening of rules and curtailment of benefits could come into existence after they have been set up. If it is something you are considering, please ensure you are fully briefed; that you understand the structure you want to create, the purpose of it and the risks and potential issues that might come with the management of this sort of arrangement.

Once established, how you run these companies and what you do with their capital is very much up to you. Examples of what the seriously wealthy have achieved can be seen in some quoted Investment Trust Companies still largely controlled by their founding families: for example RIT Capital Partners PLC, holding much of the Rothchild’s wealth and Caledonia Investment Trust PLC, holding the Cayzer family’s

FWIW (That’s shorthand ‘For What It’s Worth’)

Over the past year most people’s level of engagement with social media and online conferencing platforms has rocketed. The learning curve has been steep; many of us who only 12 months ago thought ‘TikTok’ was the sound a clock made and ‘Zoom’ was an ice lolly, have had to adapt to a life of Youtube workouts, Zoom family quizzes and Teams Karaoke.

At Greaves West & Ayre, in order to continue to deliver the same high level of ‘Quality Advice, Quality Service’ to our clients, we have had to up our online game too. This has seen us introduce webinars for the first time instead of our regular programme of seminars. We are delighted that these have been a resounding success both in terms of the numbers attending and the feedback we have received. And the good news is that if you couldn’t attend the live session the whole back catalogue is available to view via the GWA Video Channel which can be found [on the events page](#) of our website.

Over the last year social media has become an increasingly important method of communicating with our clients, particularly for providing regular updates regarding the changing COVID-19 situation. Even though we have been active on LinkedIn, Facebook and Twitter for some time, we have definitely seen an increase in the number of followers and levels of interaction. We thought it would be interesting to have a look back over our most popular posts in 2020. So FWIW ...

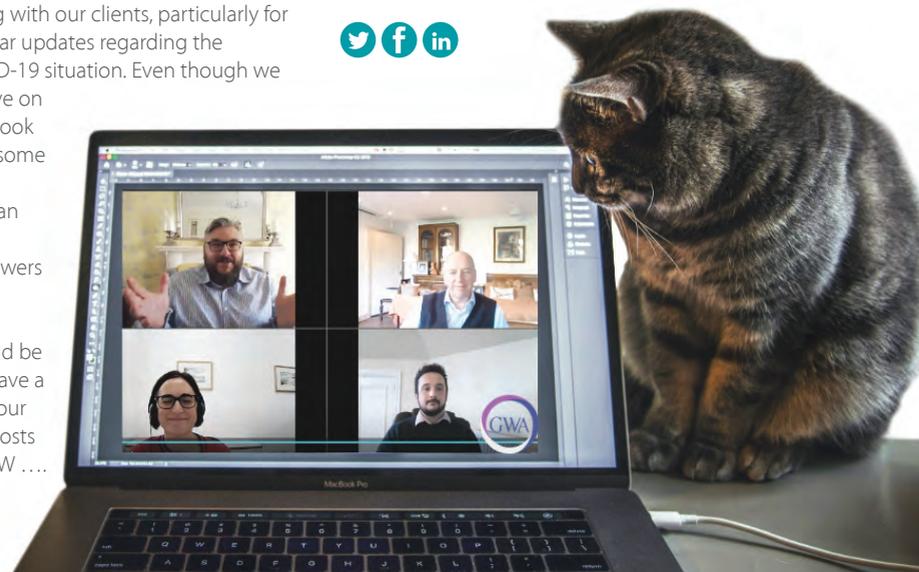
Our Twitter feed was an effective means of clients and associates keeping abreast of our business arrangements throughout the pandemic and our regular [COVID-19 updates](#).

Facebook continues to be a way of us sharing positive news and connecting with clients, colleagues and friends, such as partner [Richard Ayre’s lockdown headshave](#) for charity.

Our most liked LinkedIn posts tend to be those concerned with community news or business success, such as the one celebrating our Wealth Management department’s achievement of being listed a [FTAdviser Top100 firm](#).

However, the most popular post across all channels by far was the new year announcement that two of our associates had been promoted to partner. So the 2020 GWA clickbait award goes to [Carol Lindsay and Stuart Millar](#), reminding us that everyone loves a positive story and that at GWA our people are our most important asset.

While we are grateful for the wonders of technology that has enabled us to keep in contact with you all, we really look forward to seeing you again in person at our offices and our events. Until then stay safe and, if you haven’t done so already, sign up to follow us on



Private Sector IR35 Changes – Will it impact you?

The Government's controversial legislation to tackle 'disguised employment' arrangements goes through an important change from 6 April 2021 which could have a significant impact on anyone who uses a limited company to carry out their services for medium and large businesses.

The legislation – commonly referred to as "IR35" – was introduced by HMRC back in 2000 after a rapid increase in the number of contractors providing their services to end user clients via a limited company. Limited companies are subject to a more favourable tax regime and any profits extracted from a company by the individual can be done free from employment rates of National Insurance. HMRC suspected that many of those individuals using limited companies to engage with clients really ought to have been employees and were not genuine 'self-employed' subcontractors using their own companies. The IR35 legislation seeks to redress the tax advantage obtained through such arrangements by subjecting the company's turnover to the standard PAYE Income Tax and NIC rules.

Up until this year, individuals using limited companies to provide their services to the private sector had to 'self-certify' their IR35 status. In other words, it was up to the individual to decide whether their company's income was subject to the less favourable employment tax rules. Not satisfied that enough subcontractors were doing so correctly, HMRC has now decided (after a year's delay due to the Covid-19 crisis) to shift the onus of responsibility to the end user of the service – ie 'the client'.

From 6 April 2021, if the end user client is a medium or large company they will be required to review their existing and new contracting arrangements to ensure that IR35 is applied

properly. Therefore, they will now be the ones responsible for accounting for and paying the related tax and NIC (including the additional employer's NIC) to HMRC. Once a sub-contractor's position under the legislation has been determined, the decision must be documented by the client within a "Status Determination Statement" alongside the justification for the decision.

This rule change will undoubtedly increase the number of arrangements assessed to be within the scope of IR35 as end user clients seek to ensure their own compliance. Another possible outcome is that such businesses will be more likely in the future to insist on taking individuals on via their payroll as they seek to step away from riskier engagements with small limited companies. This could result in a number of previously 'self-employed' off-payroll workers, some of which were quite correctly treated as such, paying more Income Tax and NIC.

However, it should be noted that the new rules do not apply if the end user client is a small company. A company is defined as 'small' if it meets two of the following criteria:

- having turnover of less than £10.2m
- a balance sheet total of less than £5.1m
- fewer than 50 employees.

If your business falls into this category and you often take on subcontractors who use their own limited companies, then it will remain the responsibility of the subcontractor to assess themselves to IR35 legislation.

On the other hand, if you are a subcontractor who often engages with larger businesses then be prepared to be approached by your clients as they seek to determine your status under the legislation. **We recommend engaging in open and constructive discussion with your end client to ensure that a well-informed and correct status decision is made. We recently held a webinar covering the ins and outs of IR35, which you may find useful. You can view a recording of this webinar here on the GWA video channel.**



Living Accommodation Benefit Changes from 6 April 2021

Withdrawal of “Representative Occupier” Exemption

Historically, living accommodation provided to employees as part of their employment is deemed to be a taxable benefit in kind (BIK), unless the living accommodation falls within HMRC’s exemptions.

On 6 April 2021, HMRC will be withdrawing one of the exemptions which could potentially have the effect of increasing both the employee’s and the employer’s tax liabilities, where an employee has been provided with living accommodation.

The exemption being withdrawn is called the “Representative Occupiers” exemption. This exemption applies to employees occupying a post of employment which existed before 6 April 1977, where the employee:

- resides in a house provided rent free by the employer.
- who, as a term of the contract of employment, is required to reside in that particular house and is not allowed to reside anywhere else.

- whose occupation of the house is for the purpose of the employer, the nature of the employment being such that the employee is reasonably required to reside in it for the better and more effectual performance of the duties. HMRC are withdrawing the exemption from 6 April 2021 as it is deemed to be unfair to businesses that were established after April 1977. This is because the exemption relies on the post of employment being in existence at that date, rather than looking at the type of employment and why the living accommodation may have been provided.

In many cases, where an employee is provided with job-related accommodation, other statutory exemptions will still apply after 6 April. If the accommodation meets one of the following ‘tests’ it will not be treated as a BIK:

- The Necessary Test - your employees can’t do their work properly without it (for example agricultural workers living on farms).
- The Customary Test - an employer is usually expected to provide accommodation for people doing that type of work (for example a manager living above a pub, or a vicar looking after a parish).

- The Security Test - you need to provide accommodation to protect an employee because the type of work they do means there’s a special threat to their security. There are also exemptions available if an employee has been provided living accommodation by a local council, on the same terms housing is provided to a non-employee, or an employee has been provided accommodation by an individual (not a company or partnership) who is a close relative that they work for. Please note this exemption would not be available if the same sort of accommodation is provided to an employee who is not a family member.

If exemptions no longer apply for the living accommodation provided to an employee, the value of the BIK will need to be calculated in order to work out how much additional tax will be payable by the employee and how much additional class 1A NIC is payable by the employer. This will need to be reported on the employee’s form P11D

The calculation of the BIK is complex and time consuming and depends on several factors, including whether or not the property is owned or rented by the employer and whether it cost more than £75,000.

It is important that you review all accommodation provided to staff. If you think you may have employees that will be effected by the forthcoming withdrawal of the “Representative Occupiers” exemption and would like to discuss what this could mean for your employees’ and the business’s tax liabilities, please do not hesitate to get in touch.



National Minimum Wage Update

The UK Government has announced the annual increases in National Minimum Wage rates to apply from 1 April 2021. The biggest change is that the National Living Wage has been extended to include 23 and 24 year olds for the first time; until now it has applied only to those aged 25 or over.

The new rates from April 1 2021 are as follows:

Age 23 or over (National Living Wage rate): £8.91
Age 21 to 22: £8.36
Age 18 to 20: £6.56
Age 16 to 17: £4.62
Apprentice rate: £4.30



Staff and Community News



Since our last newsletter we have celebrated the success of two of our colleagues who have attained further professional qualifications. **Mark Harrison** from our Wealth Management division is now a Chartered Financial Adviser and **Muna Kala** has become a qualified ACA.

We are also celebrating some notable work anniversaries. **Trish Melia** and **Liz Scott** have both reached 30 years of service while **Neil Forrest** and **Catriona Robertson** have each been with us for 10 years. We congratulate you all and thank you for your loyalty and dedication.

Outside of our offices we are delighted to announce a couple of additions to the wider GWA family. We send our warmest wishes to **James Patterson** and his wife Linzi on the safe arrival of their daughter Amelia (and of course not forgetting the proud grandfathers, **Alan Patterson** and **Anthony Hogg**) and also to **Chris Brown** and his wife Clare on the birth of their daughter Alanna.

Community News

Due to continuing COVID-19 restrictions we haven't had so many opportunities to get involved with local events and charities. In December we were sad not to be able to offer our offices in Berwick, Haddington and Bournmoor as drop off points for the annual Mission Christmas Cash for Kids campaign. Instead we set up a Just Giving page and were delighted to raise £575, all of which went towards Christmas presents for disadvantaged children in the NE & Lothians.



A selection of stunning photos taken by staff during lockdown.



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