GREAVES WEST & AYRE
CHARTERED ACCOUNTANTS

NEWS

Quality Advice • Quality Service

WINTER 2020/21

GWA Recognised in FTAdviser's Top 100 Financial Advisers List

Andrew Ayre Plans his Retirement

What the Pension Freedoms Mean for You

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GWA Recognised in FTAdviser's Top 100 Financial Advisers List

We are delighted to announce that Greaves West & Ayre has been listed in the top 30 of Financial Advisers 2020 by FTAdviser.

Released annually, the FTAdviser's Top 100 list recognises the best financial advisory businesses working in the UK. The criteria for the top 100 ranking uses a rigorous methodology including growth rate, experience of advisers across economic environments, qualifications and judgement of how each firm's choices influenced asset growth over the year.

When announcing this year's Top 100, FTAdviser stated "Clients don't just want an adviser who can put their money to work: they also want someone they can trust, and a business that upholds the highest professional standards".

Commenting on the achievement Partner John Coats said "Quality Advice Quality Service" has always been GWA's motto and we are delighted that this has led to recognition as one of the top 100 advisers in the UK by FTAdviser.

"It goes without saying that 2020 has been a challenging year for everyone. We are very proud of how our team has adapted, maintaining the excellent service our clients expect. Be that providing support remotely or introducing informative webinars, we wanted to ensure clients received the extra reassurance that we were always at hand to help."

GWA's position of 27 puts them alongside, and in many cases ranked above, international firms with hundreds of advisers.

John Coats added, "Our inclusion in the Top 100 is acknowledgment of our continued focus on putting clients at the centre of what we do. We have established ourselves as one of the region's leading financial services and investment management firms and this now gives our team the well-deserved accolade of nationwide respect."

GWA's wealth management expertise extends across investments & savings, retirement planning, tax mitigation, financial protection and estate planning. Being part of GWA's wider practice, the wealth management team is supported by a large team of experienced accountants and tax specialists.

If you want to know more about our team or watch our teams thoughts on the recent market performance or an insight into pensions, ethical investing or inheritance planning please visit our webinar channel.

If you are looking for financial advice, please contact us for an initial, free, no obligation discussion.

Andrew Ayre Plans his Retirement

GWA's long-standing partner, Andrew Ayre, will be retiring from the firm at the end of March 2021.

Andrew began his accountancy career at GWA in 1978 before becoming a partner in 1988. But Andrew's association with GWA began three generations previously when Andrew's grandfather, John T Ayre, was part of a group of staff who came up from Newcastle to open a Berwick branch office of Greaves & Company in 1918. After John T Ayre's sudden death in late 1947, his son Gordon, Andrews' father, returned to Berwick from the navy and was joined by Arthur West. The firm later took the name of Greaves West & Ayre.

"I also would like to thank all our clients for their support and business over the years."

When Andrew joined the firm there were six partners and around 30 staff and in 1988 he joined his brother Peter Ayre as one of eight partners. GWA today employs over 120 staff and has offices in Berwick and Haddington plus a sister firm, Three Counties Wealth, which is based near Chester le Street.

Andrew says that following over 40 years at GWA, and with more than 30 of those years as a partner, now is the right time to move into the next phase of life as he passes his 60th birthday.

"We have a very capable, strong and talented team of professionals who have helped the firm grow and thrive. So, I am confident my successors will be well positioned to continue supporting our clients. Indeed, I must give thanks and credit to the strong support I have had from that team during my career and from colleagues past and present."

Andrew has also held a number of roles outside the practice. In particular serving for 14 years on the ICAEW's Farm and Rural business group, chairing the tax and technical committee as well as being the inaugural chair of the Agricultural Representatives Group. Locally he has been an adviser to the Community Foundation and was involved in the establishment of the Northern Angel fund, now a £500,000 community support fund. Andrew has also given time to and worked with many Berwick town projects and acted as treasurer for numerous groups over the years, taking a particularly prominent role in averting closure of The Maltings during a financial crisis in the late 1990's.

Andrew added, "I also would like to thank all our clients for their support and business over the years. The personal contact, being able to help with problem solving and delivering creative support is what I have enjoyed most during my career."

Always able to inject some humour and dry wit and with an endless library of stories about the history of GWA, both during and before his time, Andrew will greatly be missed by everyone at GWA.

We know you will join us in wishing Andrew a very happy retirement. We are sure he will be keeping busy though his wide-ranging philanthropic support of the local community and his well-known role as advocate and Chair of The Wilson's Tales Project.

What the Pension Freedoms Mean for You

The Government has confirmed that in 2028 it will increase the age at which people can access their pensions from 55 to 57.

Under current pension freedom rules, introduced in 2015, individuals aged 55 and over can choose how and when they can access their savings. However, the government said in an answer to a parliamentary question during September that it will legislate for the pension freedom age increase "in due course".

This latest announcement will mean that in future those retiring will have to wait longer to access their pension. This will particularly impact those who have their 55th birthday just after the cut-off date, meaning they will have to wait until 2028.

Pension Freedoms

Since April 2015, pension freedoms have given savers greater access to their cash, allowing flexible access to a pension from the age of 55.

Before the change many people were forced to buy an annuity. It was generally the most viable option at retirement. An annuity is what most people think of as a pension. In exchange for your pension pot, the annuity provider agrees to pay you an income every year for the rest of your life.

Unfortunately, one of the drawbacks of annuities was that they were not great value for money. The level of income being offered to a retiree each year in exchange for their pension pot was low. In addition, often when the person who took out the annuity died the income stopped leaving nothing to their wife, husband or partner.

With pension freedoms, the options changed.

Let's consider a person has a pension valued at £100,000. Once they are 55, they can access £25,000 (25%) completely tax free. In addition to this they could choose one of the following options:

- buy an annuity with the remaining £75,000
- buy an annuity with part of the remaining £75,000 and leave the rest for a future date
- withdraw the full remaining £75,000 as a lump sum and pay the appropriate income tax
- leave the £75,000 invested and take as much or as little as you like whenever you like

An increasing number of people are attracted to the last option. Many enjoy the freedom of being able to access their pension whenever they like, and the ability to vary how much they take at any time.

The new rules have changed the way people can access their pensions dramatically. Not only this, but on death the entire value of the pension could be left to absolutely anybody they wished. There are no longer limitations on who can benefit, if there is anything left in the pot. Pensions are now able to provide, for those retiring in the UK, a solution for their retirement without the drawbacks mentioned earlier.

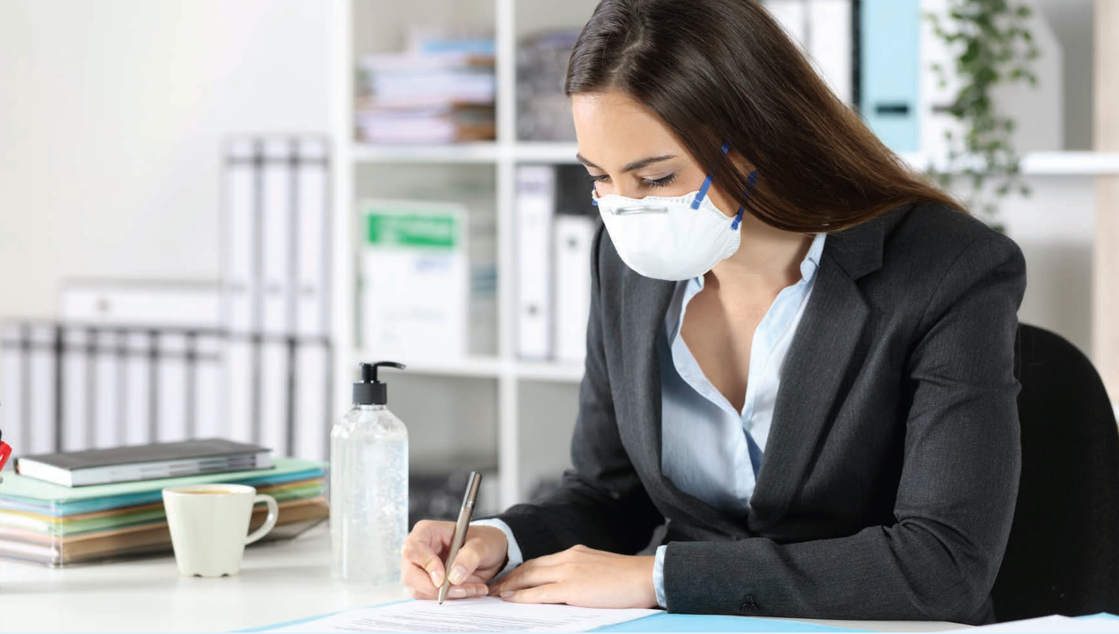
How to plan for retirement

Planning for retirement is one of the biggest and most important exercises anyone will do in their lives. It's therefore important that you get the right guidance through the process.

Here are some recommendations we would suggest.

- Get a projection of how much each of your pensions will be worth at your chosen retirement date.
- Check your state pension. There are forecasts that can assist you in establishing if and when you will qualify for the full state pension. www.gov.uk/check-state-pension
- Take some time to think about how much income you will need at retirement. Not only this, having a good grasp of what your income and expenditure is now, will help you understand how much you are able to save leading up to your retirement. And be realistic about it. Look at bank statements and credit card statements to try and understand what your outgoings are. In general, people have a tendency to under estimate their outgoings.
- Get financial advice.

If you want to have a discussion about planning for your retirement or even review existing arrangements, we have a highly qualified team that have conversations about this every day. Please contact us for an initial, free, no obligation discussion.



Covid-19 and paying your Self Assessment Tax bill

With the 31 January payment date just around the corner for self assessment tax payments, we would like to remind you of your options under the relaxed rules set out by HM Revenue & Customs for those in difficulty as a result of the COVID-19 pandemic.

Under the government's original Covid-19 relief package, you were able to defer payment of the 31 July 2020 instalment until 31 January 2021 with no interest charge or penalty arising. This extension was automatically given if no payment was made by 31 July 2020. If you allowed deferment this has now been added to your 2019/20 balancing payment and 2020/21 first instalment which needs to be paid by 31 January 2021.

If you are able to pay all outstanding tax by 31 January 2021 no interest or penalty will arise. If, however, you are unable to pay the tax due on 31 January 2021, including any deferred balance from 31 July 2020, you can contact HMRC to arrange a 'Time to Pay' settlement. This will allow you to pay the amount due over a 12-month period as long as this liability is less than £30,000 and you do not have any other payment plans or debts with HMRC.

We recommend you do this as soon as possible and not wait until the deadline. You can choose how much to pay straight away and how much you want to pay each month. You will have to pay interest but no late payment penalties should arise.

To arrange this online, you should go to www.gov.uk and log into, or create, your Government Gateway account. Alternatively, you can call the Self Assessment Payment helpline on 0300 200 3822 (Monday to Friday, 8am – 4pm).

If you wish to pay over a longer period, or your self assessment liability is over £30,000 you may still be able to set up a Time to Pay arrangement by calling the Self Assessment Payment Helpline.

MTD update

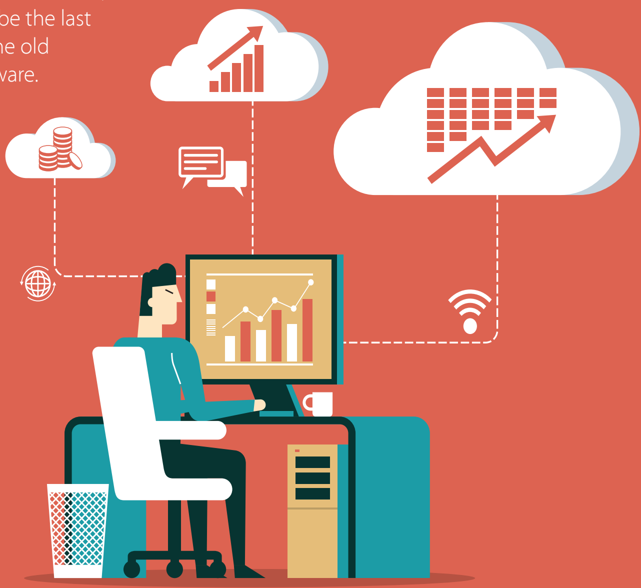
It's been almost 2 years since HMRC introduced the first phase of Making Tax Digital (MTD) for VAT registered businesses with a turnover above the VAT threshold of £85,000. Although the pace of the wider 'Making Tax Digital' strategy rollout has been slowed by the impact of COVID-19, you should be aware of the key dates for how MTD will be expanded, many of which may be closer than you think.

- April 2021 - Anyone under the VAT threshold can continue to submit returns via their government gateway account or using the non-MTD VAT process in Xero or other software. However, HMRC has announced that non-MTD VAT submissions via software providers will not be supported from April 2021. This means that quarterly VAT periods ending in December 2020, January 2021 or February 2021 will be the last VAT returns you can submit using the old return process in Xero or other software.
- April 2022 - It will be compulsory for all VAT-registered businesses to register for MTD.
- April 2023 - MTD for Income Tax: businesses and landlords with business and property income over £10,000 per annum which are liable for Income Tax, will need to keep digital records and use software to update HMRC quarterly through MTD
- April 2026 - MTD for Corporation tax is currently being consulted on and this is HMRC's target date for roll out.

In order to continue submitting your VAT returns through Xero, or other software, and in preparation for future changes we would recommend that you register for MTD now. The alternative is that you prepare and extract your VAT return figures and input these manually into your HMRC government gateway account, which is more time consuming.

If you are still using manual accounting records and are concerned about the switch to digital, don't be. We have a dedicated team who have guided many clients through this process, and many have switched to using Xero which is our recommended solution both for cost and ease of use.

If you would like to have a chat about your options then please get in touch with our team of MTD experts at vat@gwayre.co.uk or alternatively, call 01289 306688.



'Tis the Season to Speculate – Tax Reforms

It's probably safe to say that Rishi Sunak will be looking for ways to answer the "someone's got to pay for it" question surrounding the incredible amount of money that has been borrowed to fund the COVID-19 crisis. Informed estimates suggest the government is going to have to raise around £40 billion a year.

One area for sure that will be examined is taxes. And Capital Gains Tax (CGT) is an area that could be put under the spotlight.

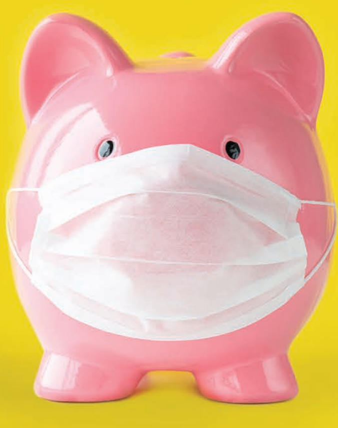
In our last newsletter we covered changes already being made to CGT with a note to 'watch this space' as the Chancellor had written to the Office of Tax Simplification (OTS) asking it to review CGT. Looking at the figures it's understandable why a review was requested.

In the year 2018/19 statistics on CGT show 276,000 taxpayers accrued chargeable gains totalling £62.8 billion. The tax take was only £9.5 billion – an average rate of 15%.

Of that total tax take, 40% came from those who made gains in excess of £5million and these taxpayers represented 1% of those who paid the tax. A further 42% of gains were achieved by only 13% of those liable for the tax. So, 36,000 people achieved average gains in the year of £735,000.

Entrepreneurs' Relief was claimed by 46,000 taxpayers on gains totalling £27.7billion. The resulting tax take was less than 10%, at £2.7billion.

As a comparison, Income Tax and NIC are payable at rates totalling 42% by individuals working throughout the year and earning over £50,000.



The government will be keen to avoid a perception of inequality. It may therefore be possible to speculate some changes to CGT following suggestions made by the OTS report:

Fewer and higher CGT rates: the OTS suggested that CGT rates should be 'more closely aligned' with income tax rates. If a higher flat-rate of tax was introduced basic-rate taxpayers in particular could pay a lot more in CGT than they currently do.

Reduced CGT tax-free allowance: the OTS report highlighted an issue with taxpayers 'using up' the annual exempt amount each year ie the tax-free amount of profit someone can make from disposing of assets before being charged tax. For 2020-21, the annual exempt amount is £12,300. The OTS report suggests this be reduced to between £2,000 to £4,000, so more gains would be caught by the tax.

CGT on inherited assets: currently If someone was to inherit an asset and then sell it for a profit, the CGT paid would be based on the difference in the value of the asset when the previous owner died and when they sell it. The OTS is suggesting those who inherit assets which are exempt from IHT shouldn't benefit from CGT uplift as well and should instead pay CGT based on the original acquisition value.

Reassess CGT reliefs: The OTS identified that Business Asset Disposal Relief and Investors' Relief are not working effectively. It suggests replacing Business Asset Disposal Relief with a different relief scheme that is focused on retirement and ending Investors' Relief as there has been so little interest shown since it launched in 2016. The proposals include requiring longer periods of ownership, larger stakes being held and the possibility of retained earnings being taxed as income on liquidation of companies.

If you would like any clarification or guidance on current CGT and Inheritance Tax rules please get in touch.

New Year - New Partners

We are delighted to announce that two of our associates, Carol Lindsay and Stuart Millar, are to become partners from 1 January 2021.

Carol began her career with GWA in 2011 in the Farm Accounts and Corporate Services departments. Having already acquired her degree in Accountancy and Finance she qualified as a Charted Accountant in 2014. More recently Carol's focus has been on the firm's taxation department, playing a pivotal role in developing the service including HMRC's introduction of Making Tax Digital, whilst also managing her own portfolio of clients.

Carol said, "It's a pleasure to be part of the GWA team and to contribute to our continued growth and success. A lot of our clients have been with us for many years, some for generations, and I am looking forward to building and extending those relationships and continuing our reputation of delivering quality advice."

Stuart was working for N C Campbell and Co in Haddington and moved to the Berwick office following the merger of the two companies in 2016. Stuart qualified in 2016 and has worked with businesses on both sides of the border utilising his extensive experience in audit and general practice. He is now developing his knowledge by studying to become an FCA accredited independent financial advisor.

Stuart said, "It feels great to become partner in a firm that has such a respectable and longstanding reputation across the Lothians, Borders and North East England. The GWA team is excellent at providing the support needed to progress your career and I am delighted to have been given this opportunity."

Colin Frame, Managing Partner of GWA, said "Carol and Stuart have made a valuable contribution to our business and they both demonstrate GWA's core values of Quality Advice Quality Service. Our team is fundamental to our success and we are proud that the support and encouragement from GWA has helped Carol and Stuart reach their potential.

"This year has been a particularly difficult time for businesses and the wider community. I am sure that both Carol and Stuart will continue to excel in guiding GWA's clients through the ongoing crisis and into a more positive future. I am delighted to welcome them to the partnership."

Is Your Van Actually

This may seem like an odd question, but there has been an ongoing case between HMRC and Coca Cola going through the tribunals in recent years trying establish the answer.

And the answer matters, because the tax treatment of cars and vans is different. From both an employer and employee perspective, van classification is far more beneficial.

The history, in summary, is Coca-Cola provided employees with three types of modified vehicle, each based on a panel van design but with a second row of seats behind the driver – sometimes called a 'crew-cab'. Employees could use them privately, meaning the benefit in kind (BIK) position had to be considered. Coca-Cola argued that all the vehicles were vans, HMRC said they were cars.

The Court of Appeal has now ruled that the crew-cabs provided by Coca-Cola were cars rather than vans. Their view was that the Coca-Cola vans were multi-purpose vehicles due to the modifications made and could be used for carrying goods or passengers. As they were not primarily suited to the carrying of goods, the vehicles therefore did not qualify as vans.

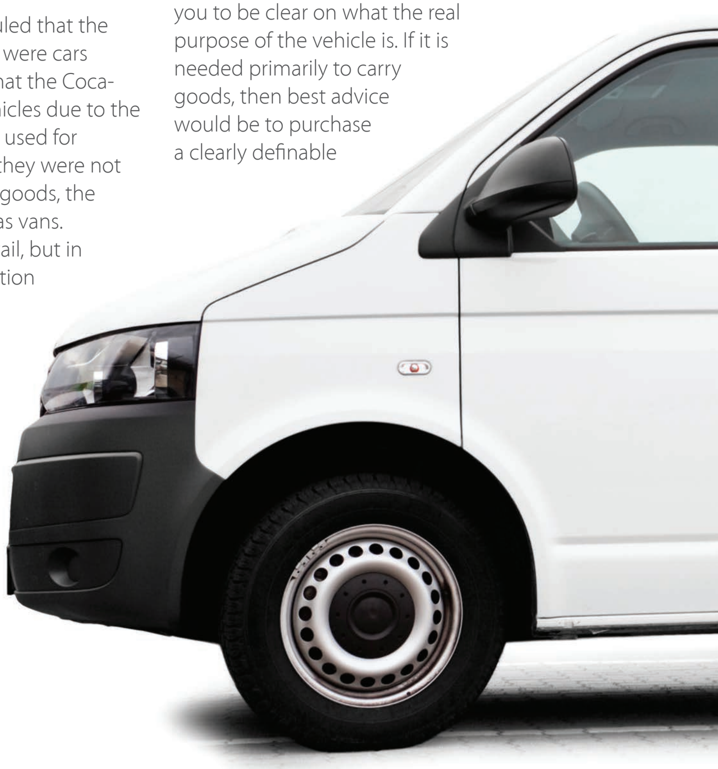
As always, the devil is in the detail, but in general for tax purposes, classification as a van depends on a vehicle being primarily suited to the carrying of goods. What a vehicle 'looks like' inside overrides its outward appearance.

The decision means a higher BIK charge for employees, plus additional class 1A National Insurance Contributions for employers. The change should be applied from 2020/21 onwards but it could also be potentially backdated to 2018/19, as happened in the Coca-Cola case.

It may also mean crew-cabs could be reclassified for capital allowance purposes (so no annual investment allowance), but still considered vans for VAT purposes provided they can carry a payload of one tonne or more.

If you think any of your employees have been provided with these multi-purpose crew-cabs you should check how these have been treated for BIK purposes. For any such vehicles, where private fuel has also been provided it is worth checking if the associated mileage logs can be used to make good all private fuel provided since 6 April 2020, to avoid a fuel scale charge in addition to the car benefit.

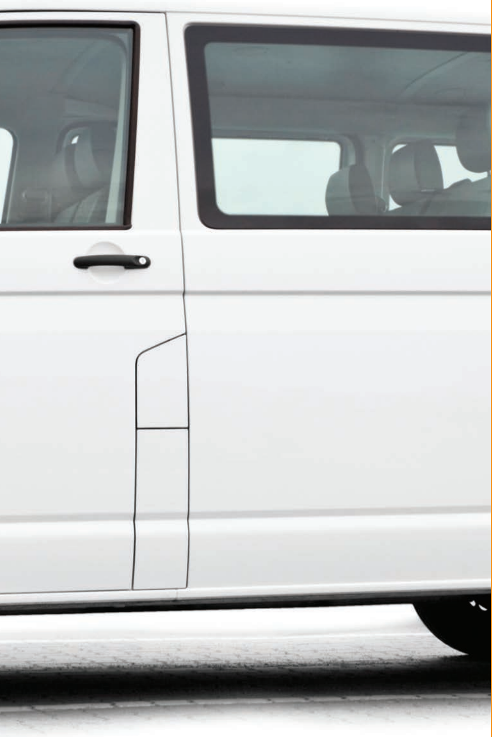
If you are planning to buy any crew-cab vehicles in the future, we would advise you to be clear on what the real purpose of the vehicle is. If it is needed primarily to carry goods, then best advice would be to purchase a clearly definable



a Car?

van – with just one row of seats and no windows on the rear sides. If you choose to purchase a vehicle that has a second row of seats and rear windows it could now be treated as a car.

HMRC guidance on the difference between cars and vans for car benefit purposes can be found here. It isn't the easiest of reads, so if you do want to check any implications this recent ruling has for your finances please get in touch.



GWA Advice Recorded for You

Due to COVID-19 restrictions we have been unable to hold any of our usual seminars and workshops since the initial lockdown in March. However, in recent months we have been holding regular webinars, which have been extremely popular.

We have recorded these webinars so anyone who was unable to watch the webinar live can do so at a time and place convenient to them.

You can find all of these recordings, which are free and easy to watch, on the GWA Video Channel.

They include regular updates on investment markets and GWA portfolios, an overview of pension options, Inheritance Tax and succession planning and the Bank of England providing an assessment of the UK economy.

Two webinars planned for early 2021 focus on the tax challenges facing the construction sector next year. Businesses in the building and construction industries will need to manage long-awaited changes to the rules on the VAT reverse charge and 'IR35' personal service companies, which come into force in March and April.

In the VAT Reverse Charge webinar, we will cover the proposed changes and the impact that this could have for your business and the IR35 webinar will provide a guide to the impact of the new rules. To register for these or any of the other GWA webinars visit the events page of our website.

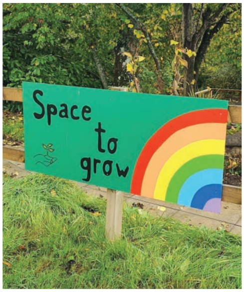
Staff and Community News

Appointments and Work Anniversaries

We have a new and a not-so-new addition to our Berwick office. We are pleased to welcome **David Simpson** to our growing Wealth Management department. David joined us in November as Business Development Consultant, adding strength to our existing team which provides our clients with expert financial advice. We also welcome back a familiar face, **Vanda Martin**, who returns to our Marketing team. We would like to congratulate **Sharon Easton** on achieving 10 years of service.

Community News

Dunbar Hockey Club Juniors



Space to Grow Mental Health Growing Project

What with one thing and another, we have had less opportunities during 2020 to contribute to events and causes that are close to the hearts of our staff and clients. We were pleased though to be able to donate to the following local causes though our Staff Community Support Initiative: Dunbar Hockey Club Juniors was nominated by **Julie Adams**, the Space to Grow Mental Health Growing Project was put forward by staff member and project volunteer **Jacqui Bates** and **Steven Burns** nominated Duns Football Club. We have also been able to support the Berwick Literary Festival and help with the production of Haddington Pipe Band's 2021 Calendar. Most recently we have tried to encourage local Berwick businesses, many of whom are our clients, by contributing to the Berwick Christmas Voucher scheme organised by Berwick Chamber of Trade, the Christmas lights provided by Berwick Rotary and also had some fun taking part in the Berwick Advent Windows.

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