

Laura to be Chief Executive Officer of V M Murphy & Co Ltd

We have over the last few years been making arrangements to ensure the seamless transmission of the ownership and control of the firm from Vince to Laura, if and when he eventually retires or the Grim Reaper finally catches up with him.

We have moved from a Sole Trader to a Limited Company, we have changed from being Chartered Accountants to Chartered Certified Accountants and now we announce the next step which is to formally give Laura the title of Chief Executive Officer.



She has given wonderful service since she joined us from school and the future couldn't be in safer hands. She will ensure that the firm continues to give the same concerned, professional but affordable service to our clients.

MORE EXCITING NEWS FROM LAURA & HER COLLEAGUE EMMA OVERLEAF...

BASIS PERIOD REFORM

From 6 April 2024 HMRC are changing the accounting periods that Sole Traders and Partnerships can use to report their profits.

If your Sole Trade or Partnership accounts have a year end date of 31 March through to 5 April then these changes will not affect you.

If you have an accounts year end that falls on any other date, then from 6 April 2024 then you need to adopt the Basis Period Reform (BPR) whereby profits from two accounting periods will be apportioned to enable profits arising in the tax year to be taxed on your Self Assessment Tax Return. The rules are complicated and include adjustments such as the relief of overlap profits (if applicable) and a mechanism called 'spreading' to allow some of the additional profits included in the first year of BPR to be spread over the following 5 tax years. It is possible to make an election to avoid using the spreading mechanism which may be helpful if you will move into a higher rate taxpayer in a future tax year or if you make a loss in the first year of BPR.

Alternatively, you can choose to change your accounting year end date but you must meet certain conditions and the timing of the year end change is crucial.

We will be contacting all clients that this affects to ensure we support you and can advise on the best options for you and your business. If you are concerned, please do not hesitate to contact us.





For several years HMRC has been planning to enforce MTD as a digital reform for all taxpayers and the tax system. However, this major reform has been poorly planned, and the objectives of the reform are questionable.

The MTD roll out was paused and thankfully the constant lobbying and protests from our professional institutes, businesses and parliament has ensured there will be some sensible reviews during this period of consideration.

HMRC have set out the following:

1. **Tax rules should have a clear consistent rationale and be easy to understand.**
2. **The burden of compliance and administration should be proportionate for taxpayers and HMRC and it should be easy for taxpayers to get their tax right.**
3. **Taxpayers should be able to understand their obligations and options particularly at key lifecycle points, such as when they do something for the first time or infrequently.**
4. **Tax policy should not unnecessarily distort the decisions of taxpayers and result in poorly informed choices.'**

Clearly HMRC need to do a lot more work before continuing with MTD. We will keep you informed as progress is made and further announcements are made.

RECOMMENDATIONS ARE ALWAYS APPRECIATED

We pride ourselves on the fact that we have never advertised yet our client base continues to grow each year. This is due mainly to recommendations from existing clients.

Know someone who may be looking for an accountant? Please show them this Newsletter.

SELF ASSESSMENT FOR HIGHER INCOME EMPLOYEES

From the 2024–25 tax year, individuals with an income of more than £150,000 which is taxed through PAYE will not be required to submit a Self Assessment return, unless they have another reason to do so. We are awaiting details of what reforms will be made to the tax coding system to ensure this works effectively.

NATIONAL INSURANCE UPDATE

- **Class 1 National Insurance Contributions (NICs) for employees are to be cut by 2% from 6 January 2024 meaning the new rate will be 10%.**
- **Class 2 NICs compulsory contributions, currently £3.45 per week, will be abolished from 6 April 2024.**
- **Class 4 NICs on business profits between £12,570 and £50,270 is to be reduced from 9% to 8% from 6 April 2024.**



Unfortunately, the barrage of scam emails and in some cases text messages we receive continues to grow.

Please always remember that the Revenue does not communicate confidential or personal details by email or text and you should be suspicious of anything that claims to do so or that requests you provide bank details.

If you are ever in doubt, you should contact us and we will be able to check your position with HMRC.

A general scam avoidance technique is to check the email address by viewing the sender details. This can be a quick way to assure yourself that a suspicious email is fraudulent. It is also worth remembering that, in most cases, refunds of any subscription or purchase can be made using the original payment details. It is very, very rare that you should need to provide debit card, credit card or bank account details to enable this to happen.

Please be on your guard and always stop to think and carefully check authenticity of communications you receive.

EXCITING NEWS!

We are delighted to announce that Laura, our CEO and Emma one of our qualified Senior Accountants are each expecting another baby!

Laura's is due in February 2024 and will see Laura take a short break on maternity leave before a planned return (in a mainly consulting role) in late spring 2024. This is Laura and her husband Rob's third baby who will be brother or sister to their daughter Alice who is 5 and half and son Frank who is 2 and a half years old.

We would also like to take the opportunity to say that we do not anticipate this affecting the normal support and services we offer and have measures and arrangements in place to ensure everything at the practice runs smoothly. The baby care we leave to Laura and Rob.

Emma's is due in May 2024 and will see Emma take a year's maternity leave from April 2023 through to March 2024.

This is Emma and Aron's second baby who will be brother or sister to their young son James who turns 2 in March 2024.

Again we do not anticipate this affecting the normal support and services we offer and we have measures and arrangements in place to ensure everything runs smoothly.

We will be sure to keep you all up-dated on the new arrivals.

ENGAGEMENT LETTERS

An Engagement Letter is a simplified version of a contract between two parties that aims to briefly but accurately describe; the services to be delivered, the responsibilities of both parties, the terms and conditions and, where relevant, fees.

Whilst it is less formal than a contract, it is a legally binding document.

In order to continue to meet our Institute's regulations, over the coming months we will be issuing new Engagement Letters to all clients. This will be for all services provided to both individuals and corporations. Some of you will have already received those for payroll and personal tax.

We would be very grateful if you could spare the time to sign and return the relevant page(s) as soon as possible once you have received your new Engagement Letter.

EMAIL COMMUNICATIONS

We have noted that some of our emails, particularly those with attachments can sometimes be swept into client's junk or spam folders. Please try to ensure you have our email addresses saved in your safe contacts lists and if you are expecting an email communication from us please do check in your junk and spam folders.

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