



Corporation Tax

The main rate of Corporation Tax will remain at 25% for company profits that exceed £250,000 per annum.

For small profits which are below £50,000 a reduced rate of 19% will continue to be applied.

If a company has profits falling between £50,000 and £250,000, the main rate of 25% will apply but will be reduced by a marginal relief. Marginal relief ensures the effective rate of tax increases gradually in line with profit levels.

If a company is part of a group, then group profits are included in the calculation to ascertain the applicable tax rate.

For Investment Holding Companies the main rate applies regardless of the profit levels. However, Property Investment Companies are excluded from this rule and will have applicable tax rates calculated based on profit levels.

Capital Gains Tax

The annual exemption, which is the amount of capital gains that is tax free will remain at the of £3,000 per person.

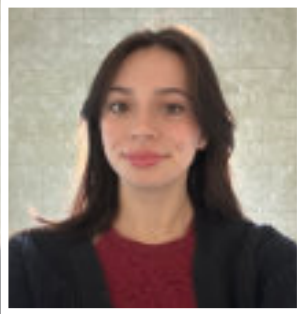
The rates of Capital Gains Tax payable on residential property disposals (excluding those for Principle Private Residence) are remaining at 18% for lower rate taxpayers and 24% for those paying the higher rate.

All other capital gains disposals are now subject to the same lower and higher rates (18% for lower rate and 24% for higher rate) as of 31 October 2024. These two factors mean that more of a capital gain with taxable and taxed at higher rates.

The rates of tax are linked to one's income and income tax rates meaning the higher earners will pay more in Capital Gain Tax on disposals than lower earners.

There is also a significant change to Business Asset Disposal Relief (formerly known as Entrepreneurs Relief), the rate on disposals for the first £1million of qualifying gains has historically been 10%. This will be increased in two stages as detailed below:

- **From 6 April 2025 will be increased to 14%**
- **From 6 April 2026 will be increased to 18% which will bring it in line with the lower rate for disposals.**



Welcome Rebecca!

After completing her A Levels Rebecca started looking for her first role in Accountancy.

She initially began an apprenticeship in finance in London but the large scale recruitment process and impersonal approach was not the right fit for her. With a taste for working with numbers and a desire to work in a much smaller setting, it was a perfect match when we were looking for a new team member.

Rebecca has joined V M Murphy & Co as an Accounts Trainee.

In this role she will mainly be working on bookkeeping, VAT Returns, our firm's accounts and assisting with accounts preparation and tax returns. She is looking forward to the challenges of her new role and training under an apprenticeship.

Rebecca will begin her training with the Association of Accounting Technicians (AAT) in January 2025. She will attend college on a day release basis whilst gaining practical experience in the office. Once she has qualified as an Accounting Technician with AAT she hopes to start training with the Association of Chartered Certified Accountants (ACCA).

Outside of work Rebecca enjoys spending time with friends and family, playing board games, and going on adventures, whether that's travelling the world or just a walk in a woods! She also loves cooking and trying out new restaurants, especially Korean ones!

SPECIAL DELIVERIES

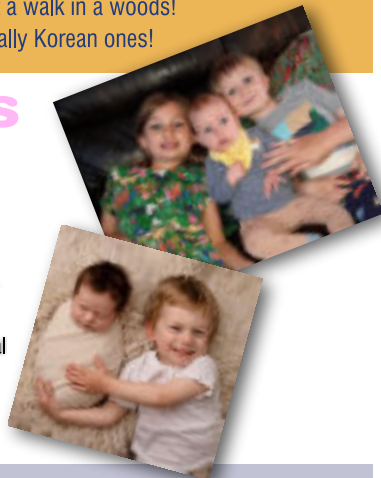
It's been a busy year for special deliveries here at V M Murphy & Co.

As most of you will know we announced the safe arrival of Henry Robert Warner in February 2024, who is the third child of Laura, our CEO and her husband Rob.

Henry's favourite pastimes are having a snooze in the buggy on walks and being entertained by his brother, Frank and sister, Alice.

Emma, one of our Senior Accountants welcomed George Thomas Neal in May 2024.

He is her and her partner, Aron's second child. He loves playing with his older brother James and is currently working on crawling.



NEW CLIENT UPDATE

We would like to say a very warm welcome to all the new clients who have joined us since our last newsletter. We are very pleased you are now a part of the V M Murphy & Co family and pride ourselves on the fact that we have never advertised.

Due to recommendations from existing clients our client base continues to grow and develop year on year. We hope, if you are pleased with our service that you will recommend us to others.

We would also like to take the opportunity to thank all of our existing clients. We are extremely grateful for your continued business and support and appreciate everyone one of you!

Employers' National Insurance

There are changes to the National Insurance Contributions (NICs) for Employers. Previously the threshold that Employers started to pay NICs for their employees started at £9,100. The threshold will be reduced to £5,000 from 1 April 2025.

The lower threshold means that more of your employees' wages will be subject to Employers NICs and, in addition, the rate of contributions is increasing from the current 13.8% to 15%.

To put this into context, an employee earning £20,000 pa. triggered employers' NICs of £1,504.20 in the 2023-24 tax year.

In the 2025-26 tax year this will increase to £2,250.00.

EMPLOYERS' ALLOWANCE

In the previous tax year, all Employers who had an Employers' National Insurance bill of less than £100,000 (this is for class 1A NICs only, not Employee NICs) were eligible to claim the Employers allowance of £5,000. This is increasing to £10,500 for the 2025-26 tax year. If you are already a payroll client, we do this for you automatically each year.

If you are concerned and would like any guidance or if you would like us to look after your payroll services, please do not hesitate to contact us.

Making Tax Digital or Major Tax Disaster!

For years we have been stuck on a Making Tax Digital (MTD) merry-go-round with HMRC. The Government constantly set deadlines only to defer them and move the goal posts for who will and won't be affected by MTD.

The election encouraged speculation on what would happen with MTD and now we have the answers.

MTD will still go ahead with a planned timescale of roll out to all business with income over £20,000. This net will catch the majority of businesses, creating a big change in how we deal with your tax affairs. The deadline is 1 April 2026, which means on or before this date your records need to be on software that will meet the filing demands of MTD.

We have been working in the background, researching software and discussing how this will impact our services and how we can support our clients and we are confident that we will be ready.

From April 2025, we will begin moving those clients that need it to bookkeeping and record keeping software that will enable the MTD transition to be as smooth and as gentle as possible. By starting the move then, we will ensure we have the time and resources to support each client but also the technical services available from third party software providers which will be vital in making this a success. Our own professional software also offers various solutions meaning we will be able to tailor the most appropriate solution for each client's situation.

We will be offering support with any software provider you already use and will be recommending the most appropriate software for your business from: Iris, Xero, LimeBooks, FreeAgent, Sage, Kashflow and QuickBooks if you are not yet using software.

Depending on the software that is most appropriate for your business, we can work to make sure the costs of software are manageable and offer value for money.

If you are concerned about MTD and what this means for you and your business, please do contact us. We will be accelerating our communications from February 2025 and will be in touch individually with all clients from this time. We will explain what steps need to be taken and will be supporting you all the way.



We're bursting at the seams!

After a busy few years we are finally getting around to some serious housekeeping. We are sorting through the paperwork we are currently storing and urgently need to clear our offices of information we no longer need. If we are holding your information, please do contact us to arrange collection. Alternatively we will be in touch with you directly.

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