

## Welcome

### The scene is set for a fascinating summer.

The political and economic uncertainties have been a key discussion point with many clients who are continually reviewing their operations, staffing and business models. Business owners are used to dealing with uncertainty and as ever we will continue to assist them in adapting to the changing legislative and economic landscape.

The use of technology also continues to be a hot topic within our practice and is high on HMRC's agenda. The Government's proposals for 'Making Tax Digital' were first announced in the 2015 budget with the concept of making the UK tax system fit for the 21st Century. Taxpayers will eventually report business profits and other income online on a quarterly basis under the plans and we will keep our readers updated on the developments and how to approach the changes from a practical point of view. We have been busy assisting many of our clients in moving to web based accounting software, in particular Xero.

This will help to 'future proof' the accounting system as well as affording other important benefits of time saving and improved analysis of business performance.

We also recognise that our clients will require us to continue to invest in the future of the firm through technology, which will play an important role over the coming years.

**On behalf of everyone at Humphrey & Co I would like to wish all of our readers a very pleasant summer.**

**Craig Manser**



## New savings & dividend tax rules

Many of our readers will be aware that on 6 April 2016 new rules were introduced concerning the taxation of savings income and dividends.

The basic rule is that individuals can have tax-free interest of up to £1,000 (or up to £500 for higher rate taxpayers) known as the 'Personal Savings Allowance' and tax-free dividends of up to £5,000 known as the 'Dividend Allowance'.

One of the key points to note is that as a consequence of the changes, banks and building societies will no longer deduct tax from interest on savings. This means that the amount of interest received by savers will actually increase, but tax might still be payable and readers should note the following:

- If savings income exceeds the Personal Savings Allowance readers may need to advise HMRC and pay tax on the interest through Pay As You Earn ("PAYE"), by tax code adjustment. For those completing Self Assessment Tax Returns, their January tax payment will increase. Similarly, if dividends exceed the Dividend Allowance, for employed individuals, tax due can be collected through PAYE tax codes (by

notifying HMRC). For the self-employed, individuals currently within Self Assessment and employees who fail to have their PAYE codes adjusted to collect the tax will be required to file Tax Returns

- As banks and building societies are not aware of an individual's savings income from all sources, savers must combine their interest from all sources to determine whether they exceed the Personal Savings Allowance and will be liable to tax
- Although banks and building societies will no longer deduct tax on interest certain categories of savings income, such as the income element of a purchased life annuity, will still have tax deducted even though that interest will be eligible for the Personal Savings Allowance!

We will be reviewing all clients individual circumstances when completing their annual Tax Returns but please do contact us if you have any questions.



# Property news

## Principal Private Residence ('PPR') Relief

**Vendors of residential property are potentially liable to Capital Gains Tax ("CGT") on the difference between the selling price and costs of acquisition and improvement. However, a vendor who has occupied the property at some time as their only or main residence will be able to claim PPR relief to exempt the whole or part of the gain from CGT.**

PPR relief gives a reduction in the chargeable gain based on the period of time the property in question was occupied as the vendor's only or main residence as a proportion of the total ownership period. Accordingly, if the vendor has always occupied the property as their only or main residence the chargeable gain will be wholly exempt from CGT.

If the vendor has occupied the property as their only or main residence for part of the ownership period, the gain attributable to the occupation period is exempt from CGT together with the certain periods of deemed occupation.

If PPR relief is only partly available as the vendor let the property for a period, the gain attributable to the let period might be wholly or partly exempt from CGT by making a claim for 'Lettings Relief'.

### Recent developments

There have been a number of cases heard by the First Tier Tribunal ("FTT") recently, concerning the availability of PPR and whether occupation by the vendor is sufficient for the property to be regarded as their only or main home.

In the case of *Kothari v HMRC*, PPR Relief and Lettings Relief were denied as the FTT did not believe that the defendant's occupation of the property in question had the necessary "degree of permanence" to be a PPR for the following reasons:

- The property was occupied for a very short time before it was placed on the market for sale
- The nature of the property was such that it was clearly unsuitable for use as a family home

This case reinforces the fact that PPR relief is only available where the property has been genuinely occupied by the vendor as their own or main residence. If HMRC scrutinise the transaction, the vendor must be able to prove genuine occupation of the property as their home. There is no minimum period of occupation required to prove that a residence was a vendor's PPR, but evidence to substantiate occupation by a person might be insufficient if the period of occupation is no more than a few months. Being registered to vote at the property, having the address feature on the vendor's driving licence, bank statements and utility bills are useful evidence of genuine occupation.

**If you are considering selling a property you have let out we would always recommend you talk to us first so we can advise of any potential taxes which will be due on the sale.**



Mayvin  
people change

## Client Spotlight

In this issue we are delighted to introduce Mayvin

**Mayvin is a Leadership and Organisation Development (OD) consultancy firm which seeks to make businesses more successful by helping their clients understand the humanity of their organisations.**

Based in the South East of the UK, Mayvin works globally and across sectors. The company was founded in 2010 by Directors James Traeger and Martin Saville and in 2014, Sarah Fraser joined as Director with responsibility for work in the Third Sector.

The Mayvin team is regularly called upon as faculty for some of the well-known providers in leadership and OD learning, such as Ashridge Hult and the CIPD. Recent clients include the UK Civil Service, Guy's and St Thomas's NHS Foundation Trust, Plan International, Napp Pharmaceuticals, Sodexo, Surrey County Council and Oxfam.

Mayvin believes that modern businesses are unpredictable, messy and chaotic places. "Today's organisations are inherently complex and challenging," Mayvin Director James Traeger explains, "At Mayvin we understand that this is created by large numbers of people coming together, each with their particular needs, outlooks and priorities. It's by enabling our clients to confront this complexity that we can make their organisations more successful. We help people to take control of the world they find themselves in and to understand where they can make a difference, how they can create real and lasting change."

Mayvin's approach focuses on building relationships and helping their clients to understand their workforce, what interests, motivates, worries and inspires them, in order to achieve powerful business outcomes.

Most recently, Mayvin has launched a restorative HR programme, in collaboration with Surrey County Council. The programme is inspired by restorative justice principles, which Surrey successfully used to help divert hundreds of young people away from crime. In the justice system, the restorative approach sees both victims and offenders playing a part in repairing the damage caused. The HR version applies the idea as an effective first response to grievances in order to save time and money. At Surrey, an average 15% of casework is resolved through HR restorative practice.

James adds: "Rather than seeing challenges as something to be avoided or glossed over, we think that if they are handled skilfully, they might be a source of creativity and development for the organisation, just as overcoming challenges can be a source of learning and inspiration for individuals."

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**To find out more, contact the Mayvin team on  
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# Laying down the Law at the Barrister Pupillage Fair London!

In March, members of our specialist Barrister team, headed up by Craig Manser attended the National Pupillage Fair at The Law Society as exhibitors.

The event is an opportunity for prospective barristers to meet representatives from chambers,

course providers and other organisations essential to a successful career at the Bar.

Throughout the day, we gave advice on the tax and VAT implications for barristers starting in practice and how best to make the transition to the world of being self-employed.



## Apprenticeships

At Humphrey & Co, since 2012, we have been offering apprenticeships in addition to taking on graduate trainees.

Our last intake, in September 2015, of identical twins Lucas and Marco Belim has caused a few amusing moments but we would like to assure clients that Humphrey & Co aren't trying to clone employees!

When asked what advice they would give to someone looking into apprenticeships, Lucas and Marco have the following message: "Go for it! An Apprenticeship is a great experience that will put you in good stead when it comes to breaking into

your chosen career path. The most important thing is to do your research – carefully. Don't just settle for the first position that comes along; you have to be sure that the company you are applying to is a good fit for you, as the likelihood is that they will be doing exactly the same thing when they are looking at your application."

As for Humphrey & Co., Paul Potter, Staff Partner, says "The apprenticeship scheme is an excellent alternative to recruiting graduates, independent of any possible financial funding benefits. We would urge our business clients to research the benefits of taking on Apprentices."



## Charity News



**Our Charity of the Year is Rise, a Brighton based charity providing sanctuary and support in Sussex for those affected by domestic abuse.**

[www.riseuk.org.uk](http://www.riseuk.org.uk)

One of our fund raising events this year was a Humphrey & Co team entering the Brighton half marathon in February. The team were fantastic. Their target was to raise £1,350 but the final total raised was in excess of £1,900.

**We look forward to updating you on further planned events later in the year.**

### Tell us your views on InBusiness!

We're always pleased to hear from our clients and would enjoy any feedback you may have about this issue of **InBusiness**.

If you would like your company featured or feel there is a subject you would like covered in more detail, please let us know.

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