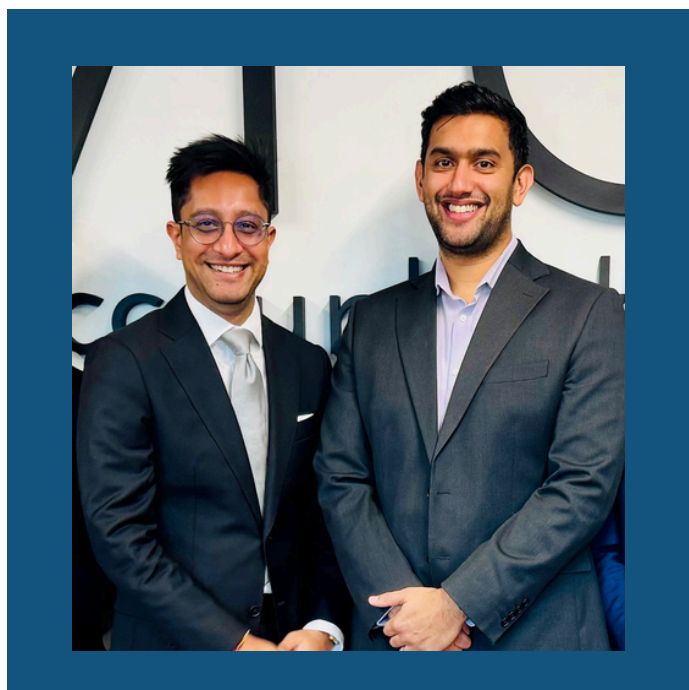


December 2024



## WELCOME

Welcome to our monthly client newsletter, where we bring together key insights and developments, as well as share team and collaboration news. We will also often showcase other professionals we have been working closely with.



## FUTURE DATES FOR THE DIARY AND THINGS TO WATCH

Following successful webinars on marketing and e-commerce business, we are continuing to formulate interactive sessions on hot topics across a range of industries. Follow us on LinkedIn and our other social media channels to keep up to date with our offerings in this space.

## INDUSTRY DEVELOPMENTS AND ANNOUNCEMENTS

The recent budget set out by the Labour government introduced a number of changes that we have been discussing widely with our clients.

The most substantial tax increase affects Employers' National Insurance Contributions, which will rise from 13.8% to 15% in April 2025. Additionally, the contribution threshold will decrease from £9,100 to £5,000. This increase, which was widely speculated on, has sparked debate about its impact on working people, potentially affecting salaries and leading to price increases as employers manage costs.

Changes to the Capital Gains Tax rates, meaning there is a requirement to carefully consider the impact of any disposals.

Capital Gains Tax (CGT) rates are set to increase: the higher rate will go from 20% to 24%, and the lower rate will rise from 10% to 18%.

Business owners will appreciate the preservation of Business Asset Disposal Relief, maintaining a 10% tax rate on gains up to £1 million, although this will increase to 18%.

Inheritance Tax (IHT) thresholds remain frozen, but major changes are coming for pension pots and Agricultural and Business Property Reliefs (APR and BPR) from April 2026.

No changes were made to income tax rates or thresholds, leading to fiscal drag until thresholds rise in April 2028.

From 31 October 2024, the surcharge on second\* properties will increase to 5%.



## CLARIFICATIONS AND QUESTIONS ON VAT ON PRIVATE SCHOOL FEES

The changes applying VAT on private school fees will take effect for school terms starting from 1 January 2025 as anticipated, despite numerous requests for a delay

Further Education Colleges that primarily do not focus on providing education for 16-19-year-olds and do not charge fees for the majority of these students do not qualify as "Private Schools" and thus are not required to charge VAT on their fees.

The definition of nursery classes has been revised so that nursery fees do not become subject to VAT if just one child in the class reaches compulsory school age. While this clarification was needed. The technical note suggests this should mean a majority, but it's unclear if this is in terms of time, number, or more than 50% of all pupils.

We are continuing to monitor this issue for any additional developments and will share updates with clients when they are available.

## SUCCESSFUL CHALLENGE TO SELF-ASSESSMENT PENALTY

Our client is employed in the NHS, however had inadvertently fallen into the self-assessment regime due to increased income in the tax year. Address issues had further meant that correspondence received from HMRC was not acknowledged until self-assessment penalties had been issued, totalling £1,000.

On engaging VPC Accountants, we took immediate action to regularise our client's tax position and file the necessary self-assessment return. Once the penalty correspondence had been received and collated, we then agreed that the penalty should be challenged.



Using our expertise of HMRC challenges and the penalty regime, we prepared a submission setting out the key facts and the legal basis on which the penalty was being challenged. This included references from HMRC's own guidance on the purpose of the penalty regime.

HMRC responded swiftly to the submission, agreeing to cancel the penalties and bringing our client back into the position he should have been in. A classic example of the merits of analysing HMRC's position in detail and making reasoned submissions.



## TEAM AND PRACTICE NEWS

This month has been an exciting period of growth and development for VPC! We've welcomed several substantial new clients across dynamic business sectors, marking a significant expansion of our client base.

In addition, we're thrilled to announce our partnership with QBE Insurance, which enables us to offer a more robust and comprehensive insurance package to both our firm and our clients, enhancing the security and peace of mind we provide.

Our university interns have now returned to their studies for their final year, and we're proud to continue mentoring them as they prepare to join us as graduates next summer. We wish them all the best in their final year (just a warm-up for those upcoming ACA exams!).

To celebrate our newest team members, we held a lively social event, bringing everyone together to mark this exciting new chapter. Here's to the continued success and growth of the VPC family!





# CLIENT SPOTLIGHT

Shivani Pau is a podcast host, speaker, and advocate for self-growth and mental health. Through her podcast, "A Millennial Mind", she inspires audiences by sharing powerful conversations with entrepreneurs, celebrities, and thought leaders. In January, Shivani is hosting a transformative full-day goal-setting workshop, complete with breakfast, lunch, and a goodie-bag worth more than the ticket price. The workshop will guide participants to visualise their dreams, overcome limiting beliefs, and learn how to set achievable goals effectively, with the aim of empowering them to create the life they desire.

You can get 10% off your tickets to the goal setting workshop at the link below, using the code VPC10:

<https://my-performance-planner.myshopify.com/products/2025-goal-setting-workshop>

Shivani is also a client of VPC Accountants and she said, ***"I really love their hands-on approach, regular advice on managing my business, and their role in taking away stress with monthly insights and on-call support whenever needed"***.

Please feel free to contact us on 0203 773 99 40, or email us at [hello@vpcaccountants.com](mailto:hello@vpcaccountants.com), with any comments or suggestions on content for this newsletter.



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