



February 2025



Welcome to our February 2025 newsletter, in what seem to have been a whirlwind start to the year.

As always, we would love to hear your thoughts on additional content to include in the newsletter, as well as any events/thought leadership you would like to see from us.

These changes mean more estates will be subject to IHT, but strategic measures can help mitigate the impact.

TAX PLANNING FOR SUCCESSION: MAXIMISING WEALTH TRANSFER

Whilst there were no changes to the main inheritance tax (IHT) rate in the Autumn Budget, key adjustments will take effect from 6 April 2026.

In particular, agricultural and business assets valued over £1M will receive only 50% IHT relief, effectively increasing the tax burden to 20%. Additionally, new capital gains tax (CGT) rates apply from 30 October 2024, with 24% for higher-rate taxpayers/trustees, and 18% CGT on all gains made by lower-rate payers.

- **Lifetime Gifting** – Transferring assets during one's lifetime can significantly reduce IHT liability. Gifts benefit from exemptions and, if the donor survives seven years, may be fully tax-free.
- **Trusts** – Trusts separate legal and beneficial ownership, allowing for CGT hold-over relief and potential IHT advantages. Many lifetime trusts are subject to periodic 6% IHT charges every ten years, which is far lower than the standard 40% IHT rate upon death.
- **Life Assurance** – Policies can cover IHT liabilities, ensuring funds are available to settle tax obligations within the required timeframe. Whole-of-life policies provide indefinite coverage, making them a valuable tool in estate planning.

CORPORATE FINANCE: POSITIONING FOR SUCCESS IN A LOWER INTEREST RATE ENVIRONMENT

With interest rates declining, investment opportunities are expected to rise, making this an opportune time for SMEs considering growth, financing, or exit strategies. Buyers focus on businesses with strong financials, stable cash flow, and clear growth plans, so early preparation is key.

To secure the best valuation:

- Keep financial records clean and ensure all compliance matters are addressed
- Optimise operations to maximise efficiency and profitability
- Enhance financial reporting to reduce risks during due diligence

As the investment climate becomes more competitive, early planning will help position your business for success, and VPC are well placed to support you.



VAT ISSUES IN THE FOOD SECTOR

VAT compliance remains a persistent challenge in the food sector, where HMRC continue their scrutiny through compliance visits, targeted campaigns, and ad-hoc queries. In recent weeks, we have supported clients with:

- Menu & supply chain reviews to assess VAT liabilities
- Till system updates to ensure compliance and operational efficiency
- Comprehensive tax compliance strategies to prepare businesses for HMRC inspections

Clients implementing broader business changes have also overhauled their VAT approach, leveraging our expertise in tax and accounting software selection.

Being proactive with VAT compliance is critical to avoid unexpected challenges.

TEAM AND PRACTICE NEWS

January was a demanding but successful month at VPC Accountants, with all client deadlines met, including last-minute clients needing urgent tax filing assistance. Our growing team continues to expand, bringing in new expertise to support our increasing client base.

On a personal note, we celebrate a wonderful milestone—congratulations to our partner, Shyam Karia, on the birth of his baby boy!

This month, we highlight Dr. Dong Hyun Kim, principal dentist and owner of Lillywhite Dental Practice.

Graduating from King's College London in 2015, Dr. Kim worked as an associate before pursuing a Master's in Endodontology. Whilst refining his clinical skills, he also gained valuable business insights that shaped his vision for his own practice—one focused on high-quality, patient-centred care with operational efficiency.

Securing financing and due diligence were crucial in his transition to ownership. VPC Accountants provided:

- Financial due diligence to ensure a sound investment
- Deal structuring to maximise tax efficiency
- Valuation analysis to secure the best price

In 2024, Dr. Kim successfully acquired Lillywhite Dental Practice. He is now focused on expanding patient care and exploring growth opportunities.

Beyond dentistry, Dr. Kim has a passion for watch collecting, fitness, and anime, appreciating the craftsmanship and precision behind them—qualities that align with his meticulous approach to dentistry.

His journey from associate to practice owner showcases strategic planning, dedication, and continuous learning. We are proud to have supported him and look forward to his continued success.

CLIENT SPOTLIGHT : DR. DONG HYUN KIM



Please feel free to contact us on 0203 773 99 40, or email us at hello@vpcaccountants.com, with any technical queries or comments/suggestions on content for this newsletter.



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