

March 2025



## WELCOME

Welcome to our March 2025 newsletter, in a period where there are significant changes being made to the welfare regime and the Spring Statement is due imminently.

As always, we have set out key highlights from the past month, with a view to keeping you all informed on these developments. We welcome your suggestions/ideas on additional content.

## CAPITAL GAINS TAX CHANGES: KEY ACTIONS BEFORE 5 APRIL

The Government Budget raised Capital Gains Tax (CGT) rates, affecting private business owners. Business Asset Disposal Relief (BADR) and Investors' Relief (IR) will rise from 10% to 14% on 5 April 2025, and to 18% from 6 April 2026.

### Who Needs to Act?

- If you sold shares, exchanged securities, or underwent a capital reorganisation since 6 April 2023, you may need to act before 5 April 2025.
- If planning a business asset sale, ensure tax is reported correctly.

### Key Timing Rules

- Disposals (6 April 2023 – 5 April 2024): Election to opt out of CGT rollover must now be made by 5 April 2025 (instead of 31 January 2026).
- Disposals (6 April 2023 – 29 October 2024): If buyer and seller are connected, the disposal date is the election date.
- Disposals (30 October 2024 – 5 April 2025): All transactions follow the same rule.

### Unconditional Contracts

- Assets transferred post-Budget under pre-30 October 2024 contracts keep the lower 10%/20% CGT rate only if for genuine commercial reasons.

### Take Action

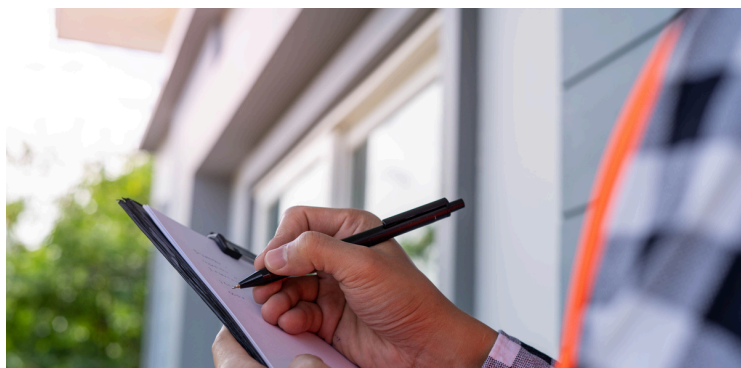
To secure the 10% tax rate, elect to ignore CGT rollover by 5 April 2025. This applies to all securities in the transaction, accelerating CGT payment but at a lower rate.

## VAT PENALTIES ON THE RISE: A CAUTIONARY TALE

As pressure increases on HMRC to close the “tax gap”, we are seeing more instances of penalties being raised by HMRC. In particular, HMRC will focus heavily on VAT issues, and take a hard line with businesses that have failed to register for VAT or have taken a filing position HMRC disagree with.

For example, we have recently been supporting a client with a late VAT registration penalty, where HMRC are seeking to levy a penalty of c.£10,000 for a two-year delay in registering. We have been working hard with the client to prepare submissions in response to HMRC, and are utilising our knowledge of the penalty regime and cases to demonstrate why there is a reasonable excuse for the client’s delay in registering.

Our advice in all circumstances is to ensure you are regularly monitoring your turnover and checking whether the VAT registration threshold has been met. In circumstances where you are unsure of the correct VAT treatment of a supply, then do reach out to us and we can carry out a detailed analysis.



## 5 WAYS TO MITIGATE EMPLOYER NATIONAL INSURANCE HIKE

With employer NICs rising to 15% from 6 April, businesses must act to reduce costs while maintaining attractive employee benefits. The increase, costing UK firms an estimated £25bn, has many considering job cuts. To help, we’ve outlined five cost-saving strategies:

1. **Tax Planning** – Use salary sacrifice schemes (pensions, EVs, cycle-to-work), optimise company benefits policies, and implement NIC-saving schemes like tronc (for hospitality tips).
2. **Tax Reliefs & Exemptions** – Leverage exemptions (trivial benefits, annual functions, workplace nurseries) and reclaim NICs on mileage.
3. **Discounted Non-Cash Benefits** – Offer perks like event tickets, wellbeing programs, gym memberships, and gift cards.
4. **HR & Hiring Strategies** – Save costs by employing apprentices, veterans, flexible workers, and outsourcing non-core functions.
5. **Employee Incentive Schemes** – Implement tax-efficient share plans like EMI, CSOP, and SIP to boost engagement and long-term retention.

Businesses can counter rising NICs by adopting creative, tax-efficient remuneration strategies. Professional advice is recommended for tailored solutions.



## TEAM AND PRACTICE NEWS

March has been a month of growth and achievement for our team. We've welcomed new client wins across various industries, reflecting our expanding expertise and commitment to excellence. Our team has also been actively enhancing their knowledge, completing significant CPD hours ahead of the new tax year. Later this month, we're excited to be exhibiting at Hey Gorgeous, an event that has been instrumental in our firm's journey. With many of our clients also taking part, it's a fantastic opportunity to connect, support, and celebrate the thriving business community. We look forward to seeing many of you there!



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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# CLIENT SPOTLIGHT



At VPC Accountants, we are incredibly proud to celebrate the success of our client, Kitt Medical, who recently secured £75,000 investment on BBC's Dragons' Den from Deborah Meaden and Steven Bartlett. This marks a major milestone in their journey to revolutionise emergency allergy care with their flagship product, the Anaphylaxis Kitt—a wall-mounted emergency kit containing adrenaline auto-injectors, designed to provide life-saving treatment for severe allergic reactions.

## The Journey of Kitt Medical

Co-founded by Zak Marks and James Cohen, Kitt Medical was inspired by Zak's personal experience with severe nut allergies. Motivated by preventable fatalities due to anaphylaxis, the duo developed an accessible and easy-to-use solution that has already made a tangible impact. Since launching in February 2023, Kitt Medical has installed nearly 800 kits across various UK venues, including schools, businesses, and entertainment sites like Alton Towers and the Royal Albert Hall. To date, their kits have been used in ten emergency situations, proving their life-saving potential.

## How VPC Accountants have helped

At VPC Accountants, we have supported Kitt Medical with business advisory, core compliance, and strategic financial guidance throughout their growth. From ensuring tax efficiency to helping them navigate funding opportunities, our team has provided the financial structure necessary for their continued success.

Additionally, their bookkeeping operations are expertly managed by SJC Bookkeeping Ltd, ensuring that Kitt Medical's financial records are accurate, up to date, and fully compliant. This strong financial foundation has allowed them to focus on their mission while making informed decisions about expansion and investment.

With fresh backing from two of the UK's top entrepreneurs, Kitt Medical is set to scale further, enhancing accessibility to emergency allergy treatment and saving even more lives. We're excited to continue supporting them on this journey and can't wait to see what the future holds for this groundbreaking business.

Congratulations again to Zak, James, and the entire Kitt Medical team!

