



Business Matters

Summer 2015 inside this issue...

- ▶ Budget Round-up
- ▶ Sun, Sea, Sand and Work
- ▶ Taking on Trainees
- ▶ Business Round-up
- ▶ Reminders for your Summer Diary



Six tips for a successful product launch

Whether you are launching a new product from an existing business, or your product *is* your new business, it is all too easy to get it wrong and fall at the first hurdle. According to some studies, as many as 65% of products launched by established companies fail, so it is vital to prepare properly when introducing something brand new into the marketplace.

Here are six tips for giving your brilliant idea the best chance of success...

1. Set product launch goals

It may seem obvious, but it is a common trap to launch a new product in a fairly haphazard way, without thinking clearly about what you're trying to achieve. Consider what will constitute success for your product launch and set goals accordingly. You may want to take into account such things as product awareness, leads, affiliations or partnerships with third parties who will market your product, and, of course, sales.

2. Have a clear target market in mind

Very few products have universal appeal. Ask yourself: 'Who will buy this?' and 'How much would they be willing to pay for it?' Outline the profile of your ideal customer, or your most likely customer, and make sure that all your pricing, marketing and advertising efforts are geared towards them. It rarely pays to simply list the supposed benefits of a product and 'blanket' market, hoping for the best. And if you can't answer those questions at all, it might be time to go back to the drawing board!

3. Define your Unique Selling Proposition (USP)

Once you have identified your target customer, ensure that you can justify why they should choose your product over a rival that already exists. What problem are you solving that they currently face? What need do they have that is currently unmet? Crystallise the benefits of your product by answering these questions, and make that the central message in your marketing.

4. Make sure the marketing message is clear

Confused customers don't part with their money. Although you may understand the product and its benefits perfectly, are you sure that the same is true for the uninitiated? Try out your marketing messages on a layperson who knows nothing about the product you've been developing. Can they easily grasp what your product is for? If not, re-draft until they can, before your launch.

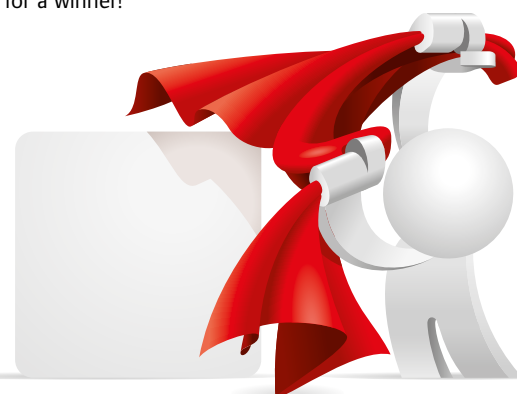
5. Make sure the product is ready

Although perfectionism is to be avoided if it prevents anything getting done – and at some point you do need to hit the button – you must equally make sure that your product is fully tested and ready to roll before you launch. The history of business is littered with examples of products that were launched before they were ready, with disastrous results.

6. Be prepared for success

You may spend so much time worrying about failure and working to get your launch right that you neglect to put the systems in place to cope should you have a runaway hit on your hands. Many businesses have run into logistical, staffing and cashflow difficulties because they suddenly find they have a deluge of orders that they can't realistically meet. Look on the bright side, and make sure you're ready for a winner!

We can advise on all areas of business life – not just on your accounts and tax position. Contact us to discuss how we can help you.





2015 Budget Round-up

Chancellor George Osborne unveiled a series of measures affecting businesses and individuals in his March 2015 Budget. Here we outline some of the more significant points from the Budget statement together with some key measures that have recently come into force.

Business measures

Research and development (R&D)

With effect from 1 April 2015, the rate of the above the line R&D credit increased from 10% to 11% and the rate of the small and medium (SME) scheme increased from 225% to 230%.

Venture capital schemes

The Government will, subject to state aid approval, make amendments to the Seed Enterprise Investment Scheme (SEIS), Enterprise Investment Scheme (EIS) and Venture Capital Trusts (VCTs) so that:

- companies will need to be less than 12 years old when receiving their first EIS or VCT investment, except where the investment will lead to a substantial change in the company's activity
- total investment received under the tax advantaged venture capital schemes is capped at £15m, increasing to £20m for knowledge-intensive companies
- the employee limit for knowledge-intensive companies is increased from 249 to 499 employees
- all investments are made with the intention to grow and develop a business
- all investors are 'independent' from the company at the time of the first share issue.

In addition, with effect from 6 April 2015 there is no longer a requirement for 70% of the funds raised under SEIS to have been spent before EIS or VCT funding can be raised.

The end of the tax return

It was announced that by the end of the next Parliament, every individual and small business will be able to see and manage their tax affairs through a digital account, removing the need for annual tax returns.

Under the plans, by early 2016 all of the UK's five million small businesses and the first ten million individuals will have access to their own digital tax account. It is intended to be simple, personalised and secure, offering an increasing range of integrated services. Agents will be able to act on behalf of individuals when managing these digital accounts.

Changes to employer NICs

From 6 April 2015 employers are no longer required to pay Class 1 secondary national insurance contributions (NICs) on earnings paid up to the upper secondary threshold to any employee under the age of 21. This applies to both existing employees and new staff taken on by employers. No individual's state pension entitlement will be affected by the measure.

Meanwhile, from April 2015 the £2,000 annual Employment Allowance for employer NICs is extended to care and support workers.

From April 2016 employer NICs up to the upper secondary threshold for apprentices aged under 25 will be abolished.

Personal measures

Help to Buy: ISA

A new Help to Buy: ISA will be available through banks and building societies and is designed for people saving for their first home. It has the following features:

- a monthly maximum saving limit of £200 with an opportunity to deposit an additional £1,000 when the account is first opened
- the Government will provide a tax-free contribution equal to 25% of the total amount saved in a Help to Buy: ISA (so for every £200 saved, the Government will contribute a bonus of £50)

- the maximum bonus is capped at £3,000 and there will be a minimum bonus amount of £400
- the bonus will apply to both the amount a person saves into their Help to Buy: ISA and the interest that is built up during the period it is open
- there is no limit on how long the account can remain open.

For basic rate taxpayers, this will be equivalent to saving free of tax for their first home. Accounts will be limited to one per person rather than one per home so those buying together can both receive a bonus. The scheme is available for those saving to buy a first home in the UK worth up to £450,000 in London or £250,000 elsewhere in the UK.

Personal Savings Allowance

In April 2016, a tax-free Personal Savings Allowance will be introduced for interest income. This applies for up to £1,000 of a basic rate taxpayer's savings income and up to £500 of a higher rate taxpayer's savings income each year. It will not be available for additional rate taxpayers, but will be in addition to the tax advantages currently available to savers from ISAs.

From April 2016 banks and building societies will no longer automatically take 20% in income tax from the interest earned on individuals' non-ISA savings.

Pension changes

As of 6 April, individuals aged over 55 have been given new pension freedom, allowing them to decide what to do with their savings and removing the requirement to buy an annuity.

Please contact us to discuss how the measures announced in the Budget may affect you and your business.

Sun, sea, sand...and work

Whether the Summer represents a busy time for your business, or alternatively offers a chance to reflect and make plans for the future, here we offer some Summer tips on how your business can make the best use of this period – and help to make this year the most successful yet.

Going abroad

Could international trading be the next step for your business? The new VAT Mini One Stop Shop (MOSS) makes providing digital services throughout Europe a much more streamlined process from a tax point of view. A wider scope means a wider potential customer base. However, as with most aspects of business, proper research is necessary before you start jet-setting.



Buckets and spades

Is now the time to think about renovating your business premises? With a number of employees on holiday it could be the ideal moment to make those vital changes without disturbing the workforce. Don't forget that claiming relief on the cost of refurbishment can be a very effective way to lower your tax bill.

Venturing off the beaten track

Smaller businesses often have the potential to adapt more readily to their customers' needs. If you have additional time on your hands, consider conducting customer surveys and market research – this may be the time for that vital product launch to boost your Summer figures. Cross-selling existing products could also improve slow sales figures without the need for extensive innovation. Also take time to consider what other demographics your services could appeal to.

An insurance policy

You wouldn't think of going on holiday without an appropriate travel insurance policy. In a similar way, you can help to protect your business through regular analysis and effective forward planning. Taking the time now to analyse your business's performance and to put in place strategies for the future will help your business to thrive.

Keeping in touch

Modern technology and the growing trend towards achieving a work-life balance mean businesses with a well-known flexible working policy are increasingly likely to attract the best talent. Even when you're out of the office it doesn't mean you have to be out of the loop. Laptops, tablets and mobile devices could be your key to effective management, and an effective team, wherever you are in the world. Just remember to switch off now and again!



Holiday jobs

If you are facing a gap in the workforce, then hiring a student or intern during the Summer period may allow you to tackle essential projects, or those which may not otherwise have been priorities. It will be valuable experience for them, and could be a source of innovation for you. The best young talent will be eager to make headway into the business world, with possible future benefits for your team.

Save tax when taking on trainees

In recent years the Government has introduced various incentives for smaller businesses to take on apprentices and young employees. From 6 April 2015 when you employ someone aged 20 or younger you won't have to pay employers' NICs on their wages (up to £42,385 per annum). But did you know that there is also a tax break available for trainees which can result in a saving for the employer?

A longstanding tax exemption exists for 'scholarship income'. An HMRC statement of practice sets out the conditions but, in particular, relevant courses include sandwich courses as well as full time education and so are potentially relevant for work-related training. You can pay employees up to £15,480 free of tax and NICs for periods when they are undergoing training for their job at an educational establishment which is open to the public (such as a university or a technical college).

The exemption applies only if the following conditions are met:

- the training course must be for a period of at least one year
- the employee must attend the course for at least 20 weeks on average over the period of the course
- the amounts paid in relation to the periods of training must not exceed £15,480 per year.

The aim of the exemption is to enable a trainee to pay for their lodging, subsistence and travelling costs out of income which has not been taxed.

You may be able to reduce the wages you pay the trainee during the weeks they work for you, and increase the amount you pay them while they're training, and thereby lower your overall cost through the tax and NIC savings. It is important to be aware, however, that you must pay the trainee at a rate no less than the National Minimum Wage (NMW) during the weeks they are working for you.

Case study

Skinner Ltd is a small widget-making company that takes on Lizzie, age 20, who will be attending a sandwich course to help her be trained for her work. The company is considering paying her £15,000 per annum. If it pays her a wage of £3,000 during the 20 weeks she attends a course and £12,000 for the rest of the year, this gives Lizzie net income of £14,247 and, with employers' NICs, it costs Skinner Ltd a total of £15,537. These figures are rates applying for 2015/16.

Alternatively, Skinner Ltd could pay Lizzie the National Minimum Wage at £6,566 (160 working days x 8 hours x £5.13), and increase the amount it pays her during her training periods to £7,681 – Lizzie would still end up with £14,247. The tax and NIC savings for the trainee and the reduction in employer NIC have allowed the employer to reduce the cost of employing her by £1,290.

In addition to the value a young employee can bring to your business, there are tax breaks available – talk to us if you would like more advice.

Business Round-up

National Minimum Wage to rise in October

In March the Coalition Government announced that the main adult rate of the National Minimum Wage (NMW) will rise from £6.50 to £6.70 per hour from 1 October 2015.

Meanwhile, the rate for 18-20 year olds will increase by 17p to £5.30, and those aged 16 and 17 will benefit from an 8p rise, taking their hourly rate to £3.87. However, apprentices will see the biggest change, with the minimum rate set to rise by 20% – or 57p – to £3.30 an hour.

While the Government accepted the majority of the recommendations put forward by the Low Pay Commission (LPC), the rise in the apprenticeship rate exceeds the 7p increase suggested by the independent pay body. The rate applies to apprentices aged 16 to 18 and those aged 19 or over who are in the first year of their apprenticeship. All other apprentices are entitled to the appropriate NMW for their age.

Warning over pension scams

Savers have been urged to be aware of a rise in pension scams, following the introduction of changes to the retirement rules. The Pensions Regulator recently launched a campaign to alert people, particularly those approaching age 55, to the danger posed by fraudsters.

From 6 April 2015 individuals are no longer required to purchase an annuity at 55 and can instead choose to take all their savings as a cash lump sum. However, the Regulator has warned that scammers are exploiting this change by enticing retirees with the promise of a 'free pensions review', 'one-off investment opportunity' or 'legal loophole', most of which are bogus. Victims will often be targeted via cold calls or unsolicited text messages.

Individuals who believe they are being targeted by a pension scam should contact the Pensions Advisory Service on 0300 123 1047. The Financial Conduct Authority's website also has a list of known scams – see:

<http://scamsmart.fca.org.uk/>

Number of small businesses in profit 'reaches pre-2008 levels'

A recent survey has found that the number of small businesses reporting increased turnover, profits and an expansion to their workforce has risen to levels not seen since before the 2008 financial crisis.

The Small Business Survey 2014, conducted by the Department for Business, Innovation and Skills, has revealed that 78% of small and medium-sized businesses made a profit or surplus in the last year, while 40% reported a greater turnover. Meanwhile, 22% of employers have taken on additional staff in the last 12 months.

Over half of employers questioned expect their turnover to grow in the coming year, while a third are planning to employ more staff.

We can help you to boost your profitability and grow your business – please contact us for assistance.

Web Watch

Essential sites for business owners

www.gov.uk/marriage-allowance
Register for the new transferable tax allowance

www.businesszone.co.uk
News and resources for UK businesses

www.energysavingtrust.org.uk
Offering a wealth of energy-saving tips and strategies

www.thepensionsregulator.gov.uk/pension-scams
Information and advice on pension fraud

Reminders for your Summer Diary

June

30 End of CT61 quarterly period.
Annual adjustment for VAT partial exemption calculations (March VAT year end).

July

6 Deadline for submission of Form 42 (transactions in shares and securities).
Deadline for submission of EMI40 (EMI Annual Return).

File Taxed Award Scheme Returns, file P11Ds, P11D(b)s and P9Ds. Issue copies of P11Ds or P9Ds to employees.

Deadline for entering into a PAYE Settlement Agreement for 2014/15.

14 Due date for income tax for the CT61 period to 30 June 2015.

17/22 Quarter 1 2015/16 PAYE remittance due.

Final date for payment of 2014/15 Class 1A NICs.

31 Second payment due date for 2014/15 Class 2 NICs.

Second self assessment payment on account for 2014/15.

Annual adjustment for VAT partial exemption calculations (April VAT year end).

Liability to 5% penalty on any tax unpaid for 2013/14.

Deadline for tax credit Annual Declaration (if estimated, final figures required by 31/01/16).

August

2 Submission date of P46 (Car) for quarter to 5 July.

31 Annual adjustment for VAT partial exemption calculations (May VAT year end).