Property Agent Matters

DRIVING LIFELONG PROSPERITY

Summer 2018

10 GOOD REASONS TO MOVE TO THE CLOUD

10 good reasons to move to the Cloud

Many of us use cloud computing on a daily basis, often without realising. Whether we are house hunting, booking holidays or grocery shopping, it is all now done online; so why not extend this to your business? Cloud accounting is a convenient way to manage your business online.

Our dedicated team have compiled a list of 10 good reasons why you should consider moving to the Cloud, which are summarised below.

1. TIME SAVING

Each month you diligently work through the business' bank statements to capture the transactions, but what if this could be automated? Just think of all the time you would save. All major banks, credit card and online payment service providers feed directly into the cloud software; this feature is easy to use and saves countless hours of data input. It also eliminates the risk of human error.

2. MONEY SAVING

When moving to the Cloud, there is no upfront investment in expensive hardware and installation. Instead, you 'pay as you go' for a monthly subscription-based service. Your chosen cloud solution provider will take care of the maintenance and upgrades too, so there will be no unexpected costs along the way to take you (and your cash) by surprise.

3. SECURITY

This is a big concern that has dominated media headlines in recent weeks. With a cloud-based solution, your sensitive financial data is always secure and is backed up automatically on a regular basis. The cloud accounting software also includes specialist security protection to give you the peace of mind that your data is safe. This is all included in your monthly fee.

4. ACCESSIBILITY

When data is stored in the Cloud, you can access up-to-date financial information and reports from any device, smartphone, tablet or laptop. If you have an internet connection, you can be at work. If you are on the move, the information is at your fingertips. You are able to be more proactive rather than reactive, always ahead of the game.

If your laptop, tablet or mobile device is lost or stolen, your business data is safe because everything is stored in the Cloud. Data is protected and remains accessible from another device. Therefore, it is business as usual without any delay.

5. COLLABORATION

When you make the move to cloud computing, all files are stored centrally and there is just a 'single source of truth'. Multiple users will share documents and data in real time. The cloud-based software allows users to collaborate easily, wherever located. For enhanced security, different permissions are granted so that users can access all or just some of the data. Through stronger collaboration comes increased efficiency, which should be noticeable on the business' bottom line.

6. INTEGRATION

Cloud software is designed to integrate with other cloud-based functions. There are hundreds of useful applications to meet your business needs. Whether it is property management, payment services, cash flow forecasting or inventory management, there is something for everyone in the 'app' marketplace.

7. OPPORTUNITY

The Cloud can offer new opportunities for businesses. When you reduce the administrative burden, it will leave you time to focus on the core business. No longer tied to the office, you are free to network and seize those new opportunities!

8. FLEXIBILITY

Cloud-based services are ideal for rapidly expanding businesses, or those with changing requirements. When your business needs increase, you can upgrade your cloud capacity, drawing on the service's remote servers. Alternatively, should you decide to scale down, the flexibility is there to move as you are not tied into a long term fixed contract.

9. MAKING TAX DIGITAL

As of April 2019, all VAT registered businesses with a taxable turnover above the VAT registration threshold will be required to maintain digital records as part of HMRC's push towards Making Tax Digital (MTD). Under the new scheme, individuals and businesses alike will have to report to HMRC on a quarterly basis using software with online capabilities. A cloud-based solution will help you meet those reporting requirements. If you are still using spreadsheets, there can be no manual entry of spreadsheet data to HMRC's systems.

10. HELPING THE ENVIRONMENT

Digital documents are simple to store and send. They are easily accessible, searchable and much more versatile than paper. Not only are you saving trees and reducing the business' carbon footprint, you are freeing up storage space that can be put to better use.

At the end of the day, moving to the Cloud makes good business sense. It leaves you to focus on what is important, growing your organisation and looking after your business assets.

If you are considering a move to a cloud-based solution, our dedicated team at Hazlewoods can help you with this transition, call 01242 237661 to speak to a member of the team.

First-time buyers exemption from SDLT

The biggest tax announcement in the Chancellor's first Autumn Budget was an exemption from Stamp Duty Land Tax (SDLT) for first-time buyers.

The government estimates that 80% of all first-time buyers will pay no SDLT as a result of the new exemption and a further 15% will pay SDLT at a reduced rate.

The Chancellor announced, during his Spring Statement on 13 March 2018, that around 60,000 first-time buyers have already benefited from this relief in its first four months.

THE EXEMPTION

First-time buyers purchasing a home worth less than £300,000 are now completely exempt from SDLT.

First-time buyers of homes worth between £300,000 and £500,000 are exempt from SDLT on the first £300,000 and will pay the normal rate of 5% on the remaining amount.

First-time buyers of homes above £500,000 will pay SDLT at the normal rates.

The objective of the exemption is to help first-time buyers get onto the property ladder, by removing one of the big upfront costs. The government estimate this new relief will help over a million first-time buyers take that first step with SDLT savings of up to £5,000 under the new exemption.

HUSBAND AND WIFE PURCHASES

For joint purchases, both parties must be first-time buyers. If one party has previously purchased a property, SDLT will be payable in full at the normal rates.

If the spouse, who is a first-time buyer, was to purchase a house independently, however, they may be able to benefit from the exemption subject to certain conditions.

Example 1

Tom and Rita are currently living in a property owned by Tom but wish to sell this and purchase a new house worth £275,000 that will be their main home going forward. Rita has not previously owned a property.

If they jointly purchase the new house, SDLT will apply at the normal rates and £3,750 will be payable. If, however, Rita were to purchase the property in her sole name, as a first-time buyer, no SDLT would be due.

WATCH OUT FOR...

It should be noted that if one spouse decides to purchase a property in their sole name, they must be in a financial position to allow them to do so. For example, if a mortgage is required the spouse must be able to take this out independently.

More importantly, there is a further catch to be aware of if going down this route but at some point in the future are thinking of transferring part ownership to a spouse.

The new rules include a clawback mechanism for the SDLT relief if, at any later date, there is a linked transfer which would have made the original transaction ineligible for the relief. Examples of this could include something that takes the consideration above the £500,000 or gifting part, or all, of the property to a spouse at a later date, who has previously owned a property.

Taking our example, if Rita was to gift 50% of the property to Tom 10 years later, the rules suggest that SDLT would become chargeable on the original transfer and an SDLT return must be filed declaring the liability.

Example 2

Sarah and Matthew are married and living in a property owned by Sarah but Matthew wants to invest in a buy-to-let property worth £275,000. This would be his first property purchase.

As Matthew is a first-time buyer you might expect that he would not be subject to SDLT under the new rules as the sole investor. However, the new rules state that the relief is not available where the 3% SDLT surcharge rules apply for the purchase of additional residential properties.

Under these rules, spouses are considered as one person and, as Sarah already owns a property, and the property being purchased is not a replacement of their main residence, the surcharge will apply. In this case, therefore, the SDLT bill will be £12,000 regardless of whether Matthew purchases the property in his sole name or jointly with Sarah.

This could be a very unwelcome surprise, with a significantly higher bill than expected for Matthew if he had been expecting a complete exemption under the first time buyer rules, or even if he had just been expecting to pay SDLT at the standard rates.

NEED HELP?

If you are unsure as to whether you are eligible for relief under the new first-time buyers exemption and/or whether the 3% surcharge on additional property purchases will apply, please get in touch.

MEET THE TEAM

NICK HAINES
Partner and Head of Team
01242 237661
nick.haines@hazlewoods.co.uk

JOHANNE TISDALE
Senior Manager
01242 237661
johanne.tisdale@hazlewoods.co.uk

MEGAN LEWIS-BOURKE
Senior Manager
01242 237661
megan.lewis-bourke@hazlewoods.co.uk

KATIE HASLAM
Senior Associate
01242 237661
katie.haslam@hazlewoods.co.uk

Windsor House, Bayshill Road, Cheltenham, GL50 3AT
Tel. 01242 237661 Fax. 01242 584263

www.hazlewoods.co.uk / @Hazlewoods

HAZLEWOODS
DRIVING LIFELONG PROSPERITY