

Agricultural Matters

SOWING THE SEEDS FOR FUTURE PROSPERITY

Spring 2016



CLOUD ACCOUNTING AND AGRICULTURE- THE WAY FORWARD?

Farming businesses are now becoming more technology focused and embracing the internet, with 85% of farms now having either wired or wireless internet access, compared to less than 30% 15 years ago.

In the last couple of years there has been a rapid increase in the popularity of cloud based software, mainly due to the advantages it can offer to all businesses, including efficiency, connectivity, security and the ability to utilise real time information.

SO, YOU MAY BE ASKING, 'WHAT IS THE 'CLOUD'?'

The Cloud is a platform that stores data and information which is accessible anytime, anywhere, from any device.

A date for the diary!

To celebrate 20 years of the Hazlewoods Farms and Estates Team, we are holding an anniversary event on 15 June 2016.

There is the opportunity for farmers to use the Cloud as part of their every day record keeping, ensuring all aspects of their financial records are totally up to date and providing them with the real time information they require to run their business successfully.

THE ADVANTAGES OF USING CLOUD BASED SOFTWARE:

- Cost - upfront costs are reduced. There is no initial start-up cost, but instead a monthly subscription cost. As accountancy and taxation rules and regulations change, the software will be automatically updated, at no additional cost.
- Access - just having one computer, with only one user being able to access the information will be a thing of the past. Multiple users can access the information from smart phones and tablets, which will allow you to be connected to all your financial affairs at any time.
- Time - bank transactions can be fed into the system daily, so this frees up time that would have previously been spent entering each transaction.
- Real time information - a major disadvantage of traditional software is that

key advisors do not have access to the most up to date financial information that could be used to advise businesses and add real value.

The Cloud means information can be completely up to date and gives farmers the ability to concentrate on other aspects of the business, without feeling like you are tied to the farm office.

- Accountant relationships - your accountant will be able to access the data throughout the year, and advise on how to record transactions and also enter the year end journals on to the software directly, ensuring all data is up to date and relevant.

With up to date, meaningful financial information, key business decisions can be made on an informed timely basis; this changes accountant/client relationships from being purely based on compliance, and allows better collaboration with other professional advisers.

If you are interested in finding out more about Cloud based accountancy packages, and how they may help your business please contact Lisa Oliver on 01242 680000 or lisa.oliver@hazlewoods.co.uk.

RENEWABLE HEAT INCENTIVES (RHI) HOW IS THIS TAXED?

There are two types of RHI scheme

- Domestic RHI
- Non-domestic RHI

The two schemes have separate tariffs, joining conditions, rules and application processes.

There has been some uncertainty over how RHI income should be taxed, but HM Revenue and Customs have recently announced that the tax payable on the RHI income is based on how the heat is used, and is regardless of which tariff is received.

This announcement is good news for the majority of farming businesses who have installed renewable heating systems. If a non-domestic tariff is being received and the heat is being used for the Farmhouse, tax will not have to be payable on any RHI income relating to the private use element.

Capital allowances and VAT are recoverable on the business use element of the initial costs of the renewable heating system.

RESIDENTIAL PROPERTIES STAMP DUTY LAND TAX CHANGES

The Autumn Statement introduced a Stamp Duty Land Tax (SDLT) surcharge to apply from 1 April 2016 on the acquisition by individuals or trusts of a dwelling regarded as an "additional residential property". That is to say, the individual or trust already owns a residential property.

EFFECT OF THE SURCHARGE

The surcharge will add an additional 3% to the rate of SDLT on acquisition of a residential property. Therefore, the rate on properties of £125,000 and below will increase from 0% to 3%, on properties of £250,000 and below the rate will increase from 2% to 5%, and so on.

In addition to the surcharge that will apply to the acquisition of a residential property by an individual or an interest in possession trust, the surcharge will also apply to all purchases of residential property by companies, commercial partnerships and trustees of discretionary trusts.

MAIN RESIDENCE RELIEF

An individual replacing their main residence will be able to claim relief and not pay the surcharge if the replacement is bought within

18 months after the sale of the original main residence, or if a replacement is bought and then the old main residence is sold within 18 months after the acquisition of the new main residence.

POSSIBLE PLANNING

The date that properties are acquired can affect if the surcharge is due and may offer planning opportunities. In addition, "innocent" transactions may suffer the surcharge and need restructuring. For example, where a parent helps a child onto the property ladder by acquiring an interest in the child's main residence, the surcharge rate will apply.

Married couples and civil partners are regarded as "one person" for the surcharge, but cohabiting couples can each acquire one property before the surcharge applies.

The legislation is not expected to be published until Budget Day (16 March 2016). Where individuals will shortly acquire a property which will potentially suffer the surcharge, they should ensure, where possible, that the acquisition will complete before 1 April 2016 so that the surcharge does not apply.

If you have any questions regarding the SDLT surcharge contact Peter Griffiths on 01242 680000 or peter.griffiths@hazlewoods.co.uk.

FRAUD AND SCAMS AFFECTING YOUR BUSINESS

BE AWARE OF THE POSSIBILITIES

We are seeing more and more instances where businesses of all sizes are being targeted by fraudsters. A targeted business may be being used as a "tool" to defraud other businesses such as suppliers. This can be illustrated by a fraud that is often attempted:

- Your business is contacted by email by a major supplier advising you that their bank account details have changed and all future payments to them should be made to the new bank account details included in the email.

- You follow the instructions and make future payments to the new bank account of the supplier.

- However, a reminder from the supplier for an overdue payment from your business brings to light the fact that their email system and database have been hacked into by fraudsters, who have managed to send an email to customers to direct payments to the supplier to a false bank account.

This fraud highlights the need for information security and for passwords to be restricted to key individuals and changed regularly.

If you receive a similar email to the one outlined above from a supplier, you should contact the supplier by telephone to confirm that what has been requested is correct.

Similarly, you should advise your customers that if they ever receive correspondence from your business indicating that bank account or payment details have changed or advising anything else out of the ordinary, then they should contact you by telephone to confirm that this is correct.



NICK DEE
Partner

01242 680000
nick.dee@hazlewoods.co.uk



PETER GRIFFITHS
Tax Director

01242 680000
peter.griffiths@hazlewoods.co.uk



NICHOLAS SMAIL
Tax Director

01242 680000
nicholas.smail@hazlewoods.co.uk



LISA OLIVER
Manager

01242 680000
lisa.oliver@hazlewoods.co.uk

Staverton Court, Staverton, Cheltenham, GL51 0UX
Tel. 01242 680000 Fax. 01242 680857

www.hazlewoods.co.uk / @HazlewoodsAgri

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