

PROSPERO

Accountancy to help grow your business

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HM Revenue
& Customs

MAKING TAX DIGITAL



BUSINESS NEWS SCOTLAND

Welcome to our round-up of the latest business news for our clients.

Please get in touch with us if you want to talk about how these updates affect your business. We are here to support you!

MAKING TAX DIGITAL FOR VAT – NEW PENALTIES FOR NON- COMPLIANCE

HMRC have issued guidance for VAT-registered business and their agents on how to avoid penalties for non-compliance with the Making Tax Digital for VAT (MTD) rules.

In particular, there is a new £400 per return penalty if you file a return but do not use functional compatible software.

There are additional penalties if the business does not keep its records digitally. HMRC may charge you a penalty of between £5 to £15 for every day on which the business does not meet that requirement.

Key extracts from HMRC guidance include:

[You must file your VAT return using functional compatible software](#)

Functional compatible software means a software program, or set of software programs, products or applications (apps) that can:

- record and store digital records.
- provide HMRC with information and VAT returns from the data held in those digital records.
- receive information from HMRC.

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You must keep records digitally

You must keep some records digitally within your functional compatible software. This is known as your 'electronic account'. Your electronic account must contain:

- your business name, address and VAT registration number.
- any adjustments from calculations you make outside your functional compatible software for any VAT accounting schemes you use.
- the VAT on goods and services you supplied, meaning everything you sold, leased, rented or hired (supplies made).
- the VAT on goods and services you received, meaning everything you bought, leased, rented or hired (supplies received).
- any adjustments you make to a return.
- the 'time of supply' and 'value of supply' (value excluding VAT) for everything you bought and sold.
- the rate of VAT you charged on goods and services.
- your reverse charge transactions, where you record the VAT on the sale price and the purchase price of the goods and services you buy.
- copies of documents that cover multiple transactions made on behalf of your business, like those made by volunteers for charity fundraising, a third-party business or employees for expenses in petty cash.

All transactions must be contained in your electronic account, but you do not need to scan paper records like invoices and receipts.

Please contact us if you need assistance in complying with MTD.

See: [Compliance checks: How to avoid penalties for Making Tax Digital for VAT - CC/FS69 - GOV.UK](https://www.gov.uk/guidance/compliance-checks-how-to-avoid-penalties-for-making-tax-digital-for-vat-cc/fs69)
(www.gov.uk)

MENTAL HEALTH AT WORK – PODCAST SERIES

The newest partner of the Health and Safety Executive (HSE) Working Minds campaign, Make UK, has launched a podcast series on the importance of mental health.

Across six episodes, former BBC Business Editor Jonty Bloom interviews companies and experts – from large companies to SMEs.

They include:

- Chloe Smith MP, Minister for Disabled People, Health and Work
- Andrew Ward, Make UK's Health, Safety and Sustainability Director
- Rachel Newman, Head of People, Policy and Support, The Royal National Lifeboat Institution (RNLI)
- Dr Shaun Lundy, Director for Strategy and Innovation, Tetra Consultancy

You can access the podcast series by using the following link: [The Importance of Mental Health Podcasts | Make UK](#)

[The Working Minds campaign](#) provides employers and workers with easy-to-implement advice to prevent work-related stress and encourage good mental health.

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NATIONAL MINIMUM WAGE RATE REMINDER FOR EMPLOYERS: SUMMER STAFF

All workers are legally entitled to be paid the National Minimum Wage (NMW). This includes temporary seasonal staff, who often work short-term contracts in bars, hotels, shops and warehouses over the summer.

The National Minimum Wage hourly rates from 1 April 2022 are:

- £9.50 - age 23 or over (National Living Wage)
- £9.18 - age 21 to 22
- £6.83 - age 18 to 20
- £4.81 - age under 18
- £4.81 - apprentice

Employers can contact the [Acas](#) helpline for free help and advice.

Please contact us if you need help with your payroll.

See: [National Minimum Wage and National Living Wage rates](#)

TRAVELLING TIME AND THE NATIONAL MINIMUM WAGE

HMRC have recently updated their guidance to employers on travelling time with reference to National Minimum Wage calculations. Travelling for the purpose of working (i.e. in connection with the employment) which does not fall under a daily average agreement is counted as working time.

This includes the time a worker spends travelling between “assignments” which need to be carried out at different places, to which the worker is obliged to travel. An example here would be a care worker visiting several clients in their own homes.

Travelling between a worker’s place of residence (including temporary residence) and the place of their work is not considered as travelling for the purposes of work. Any time spent on such “home to work” travelling is not considered as working time.

For more details see: [NMWM08490 - Working time: unmeasured work: travelling time - HMRC internal manual - GOV.UK \(www.gov.uk\)](#)

THE ACCIDENT BOOK: AN IMPORTANT DOCUMENT FOR YOUR BUSINESS

The Health and Safety Executive (HSE) Accident Book is a valuable document that organisations can use to record accident information.

The [Accident Book](#) can be used to record details of all work-related accidents including injuries that employers must report under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 ([RIDDOR](#)).

The book contains 50 perforated accident record forms and is designed to support users in being GDPR compliant.

See: [HSE: Information about health and safety at work](#)

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COMPANIES HOUSE WEBINARS AVAILABLE AS RECORDINGS

Companies House have recordings of webinar presentations that you can watch whenever suits your schedule. The webinars cover a range of topics, including:

- starting a limited company and your responsibilities to Companies House and HMRC.
- how intellectual property such as patents, trademarks and copyrights can affect your business.
- guidance on starting a community interest company (CIC).
- how to register company mortgages and other charges at Companies House.
- how to restore a company to the register.

See: [Companies House webinars - GOV.UK \(www.gov.uk\)](https://www.gov.uk/companies-house-webinars)

THE "BRING IT BACK FUND"

Hubbub and Starbucks have launched a £1 million fund to support innovation in the food and drink packaging industry in the UK.

They are looking for innovators with pioneering approaches to challenge single-use packaging in the food and drink sector. The fund is looking to support consumer-facing reuse systems in the UK in both 'return from home' and 'return on the go' models. If you feel you have a solution to support reuse systems and remove barriers for users and businesses, they want to hear about it.

The fund is open to the following types of organisations:

- Charities
- Academic bodies
- Community Interest Companies
- Social enterprises
- Registered companies

The fund will provide grants between £150,000 to £300,000 and fund up to 5 different projects based in the UK. Applications close at 5pm on 24 June 2022.

See: [Bring It Back Fund – Home](#)

FREE WEBINARS FROM THE BRITISH LIBRARY BUSINESS & IP CENTRE

The British Library's Business & IP Centre (BIPC) has relaunched its 'Reset. Restart' programme of free webinars and support sessions, designed to help businesses overcome obstacles and thrive in the current climate.

The programme began during the height of the COVID-19 pandemic with the aim to support small businesses to adapt and weather the storm. Even though the set of challenges business owners are facing today are different, help is just as necessary now as it was then.

The monthly 'Reset. Restart' webinars will offer practical, jargon-free training and advice from marketing to sales, current trends and funding. You can join the following webinars in June:

- [The steps to sell with confidence](#) - Tue 21 Jun 2022, 10:00 - 11:30

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- New sustainability trends for your business - Thu 23 Jun 2022, 10:00 - 11:00
- How to use tech for your business - Mon 27 Jun 2022, 10:00 - 11:30
- How to raise the money you need, now - Wed 29 Jun 2022, 15:00 - 16:30

These events will also offer an opportunity to meet and network with other like-minded small business owners.

See: [Reset. Restart - The British Library \(bl.uk\)](https://www.bl.uk)

'PLUG-IN GRANT' FOR CARS ENDS AS THE FOCUS MOVES TO IMPROVING ELECTRIC VEHICLE CHARGING

The UK government has closed the plug-in car grant scheme to new orders. This follows a [public evaluation report](#) highlighting that while the grant was vital in building the early market for electric vehicles, it has since been having less of an effect on demand. Other existing price incentives, such as company car tax, continue to have an important impact. The report also found the plug-in van market will benefit from grant incentives more to support businesses and their fleets in making the switch.

To continue the UK government's drive towards net zero, £300 million in grant funding will now be refocused towards extending plug-in grants to boost sales of plug-in [taxis, vans and trucks](#), [motorcycles](#) and [wheelchair-accessible vehicles](#), as announced in the autumn statement.

See: [Plug-in grant for cars to end as focus moves to improving electric vehicle charging - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

INNOVATION LOANS FUTURE ECONOMY COMPETITION - ROUND 4

Businesses registered in the UK can apply for loans for innovative projects with strong commercial potential to significantly improve the UK economy.

Innovate UK is offering up to £25 million in loans to micro, small and medium-sized enterprises (SMEs). Loans are for highly innovative late-stage research and development (R&D) projects with the best potential for the future. There should be a clear route to commercialisation and economic impact.

Your project must lead to new products, processes or services that are significantly ahead of others currently available or propose an innovative use of existing products, processes or services. It can also involve a new or innovative business model.

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Innovate UK are particularly interested in projects that focus on the future economy areas included in the [Innovate UK plan](#) for action.

You must be able to show that you:

- need public funding.
- can cover interest payments.
- will be able to repay the loan on time.

You can apply for a loan of between £100,000 and £2 million to fund your project's eligible costs.

Projects can last up to 5 years, including both the R&D and commercialisation phases. Projects are expected to start by 24 October 2022.

The funding available will be allocated across a series of competitions with the next round opening on the day the previous round closes. This is round 4, the final round in the current series. The deadline for applications to this final round is 13 July 2022 at 11:00.

See: [Competition overview - Innovation Loans Future Economy Competition - Round 4 - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](#)

BUILDING A NEW SCOTLAND

Setting out the fresh case for Scotland to become an independent country began last week as First Minister Nicola Sturgeon declared 'It's time' and published a new analysis showing the prize of independence is a wealthier, fairer Scotland.

The Scottish Government analysis – Independence in the Modern World. Wealthier, Happier, Fairer: Why Not Scotland? – is the first in a series of papers called Building a New Scotland that will together form a prospectus for an independent Scotland to enable people to make an informed choice about Scotland's future before any referendum takes place.

See: [Building a new Scotland - gov.scot \(www.gov.scot\)](http://www.gov.scot)

AUDIT SCOTLAND COVID-19 FINANCIAL SUPPORT REPORT

The Scottish Government worked collaboratively with local authorities and other key partners to direct significant public spending in unprecedented circumstances, according to a new Audit Scotland report.

Evaluating the financial response to the Covid-19 pandemic, which saw the Scottish Government allocate £15.5 billion between 2020-2022, the report highlights the significant challenges faced across the country.

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The report acknowledges that despite these extraordinary difficulties:

- existing Scottish Government systems were utilised efficiently to help deliver financial support as quickly as possible, whilst developing new, streamlined processes that minimised the risk of fraud.
- the Scottish Government maintained a balanced budget.
- short notice UK Government funding was directed quickly by the Scottish Government to tackle the wide-ranging impacts of the pandemic.
- over £5 billion was allocated for health and social care to support vital services and public health infrastructure for testing and vaccination programmes.
- more than £4.7 billion was allocated to businesses in lifeline support.
- local authorities were allocated £1.8 billion to fund vital general and targeted services, including £200 million to cover councils' lost income.

See: [Audit Scotland highlight pace of Covid-19 financial support - gov.scot](https://www.gov.scot/resources/documents/2020/07/Audit_Scotland_highlight_pace_of_Covid-19_financial_support_-_gov.scot.pdf)
(www.gov.scot)

BUSINESS START-UP GRANT FOR MOTORHOME AND CAMPERVAN SITES - DUMFRIES AND GALLOWAY

Dumfries and Galloway Council offer start-up grants to support the launch of motorhome or campervan sites across the region.

The grant can cover up to 50% of the costs associated with creating or improving a site, up to a maximum of £5,000 per site.

The grant can be used for expenses such as signage, site markings, site improvements, web design, black and grey water disposal and lighting, although any lighting or power options will have to be sustainable to support a just transition to net-zero.

See: [Business start-up grant for motorhome and campervan sites \(findbusinesssupport.gov.scot\)](https://findbusinesssupport.gov.scot/business-start-up-grant-for-motorhome-and-campervan-sites)

TECHNOLOGY PLACEMENT PROGRAMME - HIGHLANDS

The Technology Placement Programme offers opportunities for enterprises to develop new projects by engaging with a student or graduate in a relevant discipline.

For enterprises within the Highland Council area that are keen to improve their processes or products, paid work placements are a dynamic and affordable way to stimulate growth, kick-start change and discover new talent.

This programme has the potential to deliver long-term benefits to students, graduates and enterprises.

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The Technology Placement Programme is delivered as part of The Northern Innovation Hub (NIH). The Northern Innovation Hub is an Inverness and Highland City Region Deal project - a joint initiative supported by a £315 million investment from the UK and Scottish Governments, The Highland Council, Highlands and Islands Enterprise (HIE) and the University of the Highlands and Islands.

See: [Technology Placement Programme \(findbusinesssupport.gov.scot\)](http://findbusinesssupport.gov.scot)

PATHFINDER ACCELERATOR - ARGYLL AND BUTE, HIGHLANDS, MORAY, ORKNEY ISLANDS, OUTER HEBRIDES, SHETLAND ISLANDS

Pathfinder Accelerator is a support programme that helps to speed up the development of new products, services or start-up ventures. It is designed for organisations active in life sciences, technology, engineering, IT, animal health, aquaculture and healthcare.

The focus of the programme is to deliver rapid, practical results for ambitious businesses with new ideas. Participants are taught and coached by a team of leading experts from the worlds of innovation, product development, finance and business strategy.

Participants will also pitch to angel investors and receive one-to-one coaching to rapidly de-risk and commercialise their ideas.

After completion, participants become members of the Pathfinder alumni network and will receive a monthly bulletin and invitations to roundtable events with expert speakers.

See: [Pathfinder Accelerator | Highlands and Islands Enterprise | HIE](#)

ECONOMIC DEVELOPMENT GRANT SCHEME - ORKNEY

Delivered by Orkney Islands Council's Economic Development team, the Economic Development Grant Scheme provides a number of grants of up to £55,000 each, to cover up to 30% of eligible costs. These grants support capital expenditure linked to business expansion in export-related activities, tourism and new services for Orkney.

The grants can be used for:

- projects that encourage economic diversification.
- activities that raise the average wage rate.
- efforts to overcome barriers to export outwith Orkney.
- projects that demonstrate additional benefits for the Orkney economy.

See: [Economic Development Grant Scheme \(findbusinesssupport.gov.scot\)](http://findbusinesssupport.gov.scot)