



# Swindells accounting update

## February 2024

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# NEWS ROUND-UP

F E B R U A R Y 2 0 2 4



## NATIONAL INSURANCE CUT BOOSTS UK HOUSEHOLDS

**In a move to ease financial burdens on UK households, the Government has implemented a historic National Insurance (NI) cut, providing relief for 27 million taxpayers.**

As of Saturday, 6 January 2024, the main rate of National Insurance has been reduced by 2%, dropping from 12% to 10%. This reduction, exceeding 15%, equates to a £450 saving this year for the average salaried worker earning £35,400.

For a household with two average earners, the annual savings could be worth nearly £1,000, marking a positive impact on the disposable income of families nationwide.

HMRC has launched an [online tool](#) to assist individuals in understanding the implications of the tax cut. This tool, hosted on the Government's cost of living support website on GOV.UK, uses salary

information to provide personalised estimates of potential National Insurance savings for employees.

In addition to this historic tax cut, further measures will apply later this year, including a National Insurance cut for 2m self-employed individuals, set to take effect on 6th April 2024. This move, worth £350 for the average self-employed person on £28,200, is part of the Government's commitment to supporting businesses and households alike.

Chancellor Jeremy Hunt, said:

"With inflation halved, we've turned a corner and are cutting taxes - starting with today's record cut to National Insurance worth nearly £1,000 for a household.

"From nurses and brickies, to cleaners and butchers, 27 million hard-working Brits will have a little more cash in their pockets."



**Talk to us about your personal tax liabilities.**

## ECONOMIC CONFIDENCE INDEX DECLINES

**Business leader confidence in the UK economy fell to -28 in December 2023 after hitting -21 in November, according to the latest economic confidence index from the Institute of Directors (IoD).**

The decline is in contrast to business leaders' confidence in their own enterprises, which surged to +36 in December – a notable uptick from the +30 recorded in November.

Positive trajectories were also observed in revenue and export expectations for December. The net outlook for revenue in the next 12 months, compared to the last year, climbed from +37 in November to +42 in December.

Similarly, export prospects exhibited an upward trajectory, escalating from +15 to +20 in the final month of the year.

Business investment expectations dropped slightly to +23 from +22 in November, while projections for costs and wages maintained their ground at +74 and +69, respectively. Headcount expectations fell slightly from +25 in November, settling at +24 in December.

Dr Roger Barker, director of policy at the IoD, said:

“Business leaders remain extremely cautious about the outlook for the wider economy over the next 12 months, although they are more optimistic about the prospects for their own organisations.

“In the coming months, the Bank of England will be considering its next step in terms of interest rates. Based on the evidence of this survey, an early cut in interest rates would be justified in terms of helping to kick-start business confidence.”



**Get in touch about your  
business prospects.**





## HMRC ENFORCES TIGHTER RULES ON 'SIDE HUSTLE TAX'

**In a bid to tighten tax regulations and combat tax evasion, HMRC is implementing measures affecting sellers on platforms such as eBay, Vinted, Airbnb and Etsy.**

Effective from 1 January, many digital platforms are now mandated to collect under new international rules adopted by the UK through the Organisation for Economic Cooperation and Development (OECD).

The reporting obligation applies not only to the sale of goods, such as second-hand clothes and handmade items, but also encompasses services like taxi hire, food delivery and short-term accommodation letting.

Currently, individuals generating income exceeding £1,000 annually through online side hustles must register as self-employed and submit a self-assessment

tax return. While those earning below this threshold are often exempt from filing a tax return, it is recommended that they maintain records in case of inquiries.

Online platforms are mandated to report seller information to HMRC, with the first reports expected at the end of January 2025. As a result, sellers are advised to stay informed and comply with tax regulations to avoid potential penalties.

While this move will have a wide impact, tax experts at the Low Income Tax Reform Group reassured taxpayers that their obligations have not changed:

“The new rules have caused a great deal of confusion, but they simply mean that HMRC is receiving more information from online platforms than before.

“If you are following existing rules and declaring your income as required, then you don't need to worry or do anything differently.”



**Contact us to discuss these changes.**

## UKEF INTRODUCES ENHANCED FINANCING FOR SMALL BUSINESSES

**In a move to boost international trade and foster greater exporting opportunities for small businesses, UK Export Finance (UKEF) has introduced more flexible and expedited financing.**

The Government's export credit agency made this announcement during its annual conference, revealing it now has the capability to fast-track trade finance applications worth up to £10 million – double the previous limit.

This initiative aligns with the Government's commitment in the 2023 Autumn Statement to provide additional support for SMEs seeking to access global markets through UKEF.

The measures introduced will also widen the maximum timeframe for loans from the General Export Facility from two to five years. This aims to give businesses

more adaptable repayment terms amidst the current challenging economic landscape.

By expanding the 'auto-inclusion' scheme, small businesses can now swiftly secure Government-backed credit without manual intervention from UKEF.

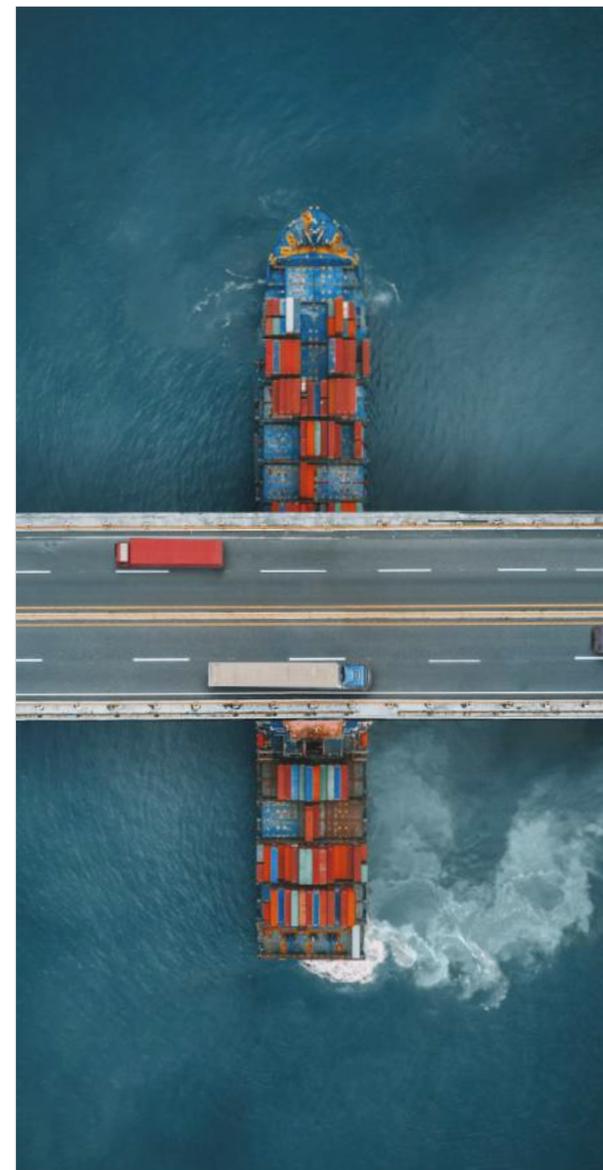
Tim Reid, CEO at UKEF said:

"In speaking with our customers – and especially with small businesses – it's clear that ease of accessing finance and flexibility in repayment terms make a big difference for firms wanting to export.

"We're confident that our announcements will unlock even more deals for UK firms looking to sell to the world, whether they're exporting for the first time or looking for the latest in a long line of export successes."



**Talk to us about your small business.**



## WANT TO TALK TO AN EXPERT?

If you've found the topics covered in this report to be of interest or would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities, and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we are here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.



**To schedule a meeting or to get more information, please don't hesitate to contact us.**



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