



DAVID PATTINSON CHARTERED ACCOUNTANTS

December 2020



QUARTERLY NEWSLETTER

Xmas and New Year Holidays

My office will close at midday on Wednesday, 23 December and re-open at 9:00 a.m. on Monday, 4 January. Let's all hope that 2021 is a better year than 2020.

Latest Scams

At this time of year, be wary of e-mails claiming to be from Royal Mail or parcel delivery companies, especially if you weren't expecting a delivery. They will ask for a payment to rearrange delivery, which is something a genuine company would never do, as charges are paid by the sender. The only time Royal Mail asks for a payment is when it is holding an item with insufficient postage, in which case they ask you to pay through their website.

Most of the scam telephone calls seem to originate in India, although the caller's number will always show up as a UK number. I have had the calls about alleged problems with an Amazon Prime subscription, my computer's security and (eight times over two days) my broadband connection. They are obviously calling randomly, as I have neither Amazon Prime nor broadband at home.

Nigel Farage

I keep seeing adverts on the internet where Nigel Farage is promoting a new publication "Fortune and Freedom" which gives financial advice. I do not know whether he is actively involved in producing that publication, or is just being paid to front the advertising campaign, but I wonder whether he did any research on the company behind it, Southbank Investment Research Limited. I had a look at their accounts filed at Companies House and, in each of the last three years, they made a loss of more than £1 million. That is not the kind of company I would trust to give me advice, when they can't even run their own business at a profit.

SEISS Grants

The third grant under the self-employed Income Support Scheme is now available and a fourth will follow in February 2021. Remember, though, that it is not something which every self-employed person can claim: applicants must still be suffering a reduction in profits because of coronavirus.

Brexit and Business

The government keeps telling business to prepare for Brexit (I even received a letter addressed to a charity of which I am treasurer) but cannot tell us exactly what the rules will be for trading with the EU from 1 January 2021. There will likely be more paperwork for imports and exports, as well as more checks on UK goods entering the EU. The only certainty is the VAT treatment:

1. Goods sold to the EU will now be zero-rated exports, regardless of whether the customer is an individual or a business. The only evidence required for zero-rating to apply is proof that the goods have left the UK.
2. Goods imported from the EU will be liable to UK VAT, but VAT-registered businesses can use deferred accounting: the VAT is declared as output tax on the next VAT return and can also be reclaimed as input tax at the same time, if appropriate.

If there is no free-trade agreement, then tariffs will apply on goods moving both ways. Import duty is likely to be payable as the goods enter the UK, with no option to defer like VAT.

Employers

From 1 January, an EU passport or identity card alone can no longer be accepted by employers as proof of an individual's right to work here. Additional documentation showing the right to live and work in the UK will be required.

Brexit and Individuals

The changes for individuals travelling to and from the EU are much clearer, as they arise from the UK leaving the EU single market and free movement area.

1. Subject to protections for people who have already moved, UK citizens will no longer have the right to live and work in the EU. Likewise, EU citizens lose the right to move here.
2. There will be stricter border checks on UK citizens arriving in the EU: the visitor must have a passport with at least 6 months remaining and may be required to show a return ticket and enough money for the stay.
3. UK citizens will no longer be able to use the EU citizens' passport queue at immigration control and will have to use the slower-moving queue for other countries.
4. UK citizens arriving in an EU country will no longer be able to use the blue channel at customs. On returning to the UK, there will be no blue channel at customs.
5. It will no longer be allowed to import almost unlimited amounts of duty-paid goods from the EU for personal use. That puts an end to booze cruises to Calais.
6. Duty-free shopping will return subject to strict limits, particularly on alcohol and tobacco.
7. Visits to the EU, even for those with holiday homes there, will be limited to 90 days in any six months.
8. UK citizens wishing to take a pet to the EU will be subject to more checks.
9. An International Driving Permit (cost £5.50) will be required for UK citizens to be able to drive in some EU countries.
10. To take a car to the EU, UK citizens will require a Green Card from their insurance company and that gives only the minimum third party cover.
11. If they wish, mobile phone companies could reintroduce roaming charges for UK customers travelling to the EU.
12. The European Health Insurance Card (EHIC) which entitles UK citizens to free healthcare in the EU, will no longer be valid. A new scheme is being negotiated, but no details are available yet.

Having said all of that, remember that the UK and Ireland are still part of a long-standing common travel area, which allows citizens to move between the two countries without restrictions.

2021

2020 was a year to forget, but there is hope for better next year with the development of coronavirus vaccines. I wish everyone a safe and prosperous 2021 and a return to normal life.

Pass it on

Please feel free to copy or pass on this newsletter to friends and business acquaintances. Anyone who would like to be added to the mailing list should e-mail me at the address below.