



The Little Blue Book

Issue 54 | Spring 2025

Chris
steps up
again and
commits
future



Chartered Accountants | Independent Financial Advisers

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Welcome

to the Spring edition of the Little Blue Book.

It remains a challenging time for many clients.

Business doesn't like uncertainty and there is a fair amount around in this country and abroad.

As a result, making plans, whether as a business or an individual, become that much more difficult.

Colleagues have been busy advising and supporting clients on matters, including the repercussions from the Chancellor's Budget in October.

We will continue to do our best for clients.

In this edition, we feature the Chancellor's Spring statement. It won't have the same impact on clients as the Autumn Budget but it's important for the wider economy, nevertheless.

Congratulations to my colleague Chris Driver on his admission as a full equity partner in the firm. The news confirms his long-term commitment to RNS and provides continuity for clients for many years to come. It has been rewarding to see him progress through the ranks since joining us from university 10 years ago. I wish him well.

The edition also includes the latest on electric vehicles – something I'm asked about regularly – and pensions.

I hope you enjoy reading it.

John Heeney

Senior Partner



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National insurance

Businesses have been bracing themselves for a double whammy of tax changes that have come into force this month, said an RNS partner.

Robert Smith said the impact of the changes the Chancellor Rachel Reeves made to National Insurance Contributions and Inheritance Tax could not be under-estimated.

“Colleagues and I have been incredibly busy supporting and advising businesses across all sectors in light of last Autumn’s Budget,” Robert said.

“The increases to operating costs have to be found by reducing profit or passing the increases to the consumer, which businesses are loathed to do.”

He highlighted research conducted by the British Chambers of Commerce (BCC) which indicated:

- 82% of firms claim the NICs tax hike will cause them to rethink their strategies.
- 58% of businesses state the increase will impact their recruitment plans.
- 54% of firms suggest the tax rise will affect their pricing strategies.
- More than one-third of businesses indicate investment and day-to-day operations will be adversely affected.

Rob said: *“The BCC survey results closely mirror conversations we have had with businesses here in North Lincolnshire.”*

The Budget also introduced changes to inheritance tax, which have significant implications for business owners, particularly farmers, and their succession planning.

“Businesses must navigate these changes to ensure smooth transitions and minimise tax liabilities,” said Rob.

“The Inheritance Tax modifications are influencing decisions related to business succession, asset management, and estate planning.”

He advised clients concerned about the changes and yet to speak to their RNS contact to do so as soon as possible.



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Chris commits future to firm

Associate partner Chris Driver has celebrated his 10th year at RNS with his admission as a full equity partner in the firm.

He thanked partners and colleagues for the roles they have played in his progression since joining the firm in 2015 after graduating from Durham University with an economics degree.

His new position became effective on 1st April and is a continuation of his previous role but, as a full equity partner, he will be fully invested in the long term success and growth of the firm and its client services.

“From a client perspective, nothing will change,” Chris said. “I’ll still be at the end of the phone or across a table, continuing to provide the advice and support they need.

“I was delighted the partners wanted to work with me for the long term and recognise what I can bring to the practice.”

Chris attended Winterton Comprehensive School and John Leggott Sixth Form College before studying at Durham.

He qualified, after training, as a chartered accountant and is also a specialist tax adviser and a member of the Chartered Institute of Taxation.

Chris is based in the agricultural team at the Brigg office and a past President of the Humber branch of the ICAEW.

“The support from the partner group - current and those now retired - has been immense and played a crucial role in my development.

“This goes back to 2015 when I joined the firm as a trainee, supporting me through my accountancy exams.

“After I passed my accountancy exams, this continued by immediately providing the backing to help me complete my taxation qualification.

“Post study, I’ve worked closely with now retired Adrian (Ingleton) and Gary (Makinson), in particular, both were crucial to my progression through the firm and transition to partner.”

Being an accountant was not a part of a career plan.

“I’m not sure I’ve ever met anyone who does want to be an accountant!

“I realised I wasn’t a talented athlete quite young, so I would have to study hard.

“After studying subjects I enjoyed, I just fell into accountancy, which has worked out rather well.”

There were several aspects to the job he enjoyed.

“Meeting clients, getting to understand how their business operates and what I can do to help are all enjoyable.

“And variety – there is a lot of repetition with filing accounts and tax returns but coming across new problems that need solving every day means it’s never dull.”

There were challenges to face in the future but also plenty of opportunities, including technology.

Clients had consistent issues.

“For my agricultural clients, most are concerned about the inheritance tax changes announced in Autumn’s Budget.

“More recently, and perhaps more pressing, concerns over the withdrawal of subsidies come at a critical time for the future of the industry.



Chris is congratulated in his new role by Brigg partners Karen Lyth and Gary Makinson.

“Changes to national insurance and the national minimum wage are also concerning, at a time when cost pressures across the board remain problematic.”

The answer to the concerns was simple, said Chris.

“Plan and speak to your RNS contact.

“We’re here to provide advisory services, and really add value to your business. However insurmountable the problem may seem, there’s always a solution that we can help you come to.”

Senior partner John Heeney congratulated Chris on becoming an equity partner.

“Chris is an incredibly talented and knowledgeable chartered accountant and specialist tax adviser who is a terrific asset to the firm,” said John.

“I’m sure clients, like ourselves, will be pleased he has committed himself long term to the firm and continuing to deliver the best possible service to his clients.”



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Staff profile

John Heeney

When did you start at RNS, become a partner and then senior partner? I started at RN Store & Co, as we were back then, as a manager on 1 June 2000, so I have almost completed 25 years. I became an associate partner in May 2001, an equity partner a few years later, before becoming senior partner in May 2016.

What inspired you to become an accountant? I don't think I was ever inspired to become an accountant, if I am honest, it was something that I fell into, when I was unsure of what to do next after university. It has, however, served me very well and I was maybe lucky with my career choice at the time.

Aspect of the job you find most satisfying: There are several aspects to accountancy that I do find satisfying. People think that accountancy is all about numbers and whilst they are important, it is the story that the numbers tell about someone's business or tax position that is key. The ability to retell and explain that story to a client and to then help them make good decisions about the future based on that does give you some satisfaction.

Give an (anonymous!) example of helping a client save money or improving their financial situation: One aspect of the job that is usually frustrating and fun in equal measure is when we have to go toe-to-toe with HMRC. This happens less often these days, but helping a client through a HMRC enquiry and reaching a resolution with the taxman is usually satisfying for all involved.





Favourite television programme and why: My favourite TV box-set type show is *Breaking Bad*. The over-arching storylines that run alongside the individual episodes drag you into that world. I also really like the TV show *Gone Fishing*, with Bob Mortimer and Paul Whitehouse. I'm not interested in fishing, but I love the gentle banter between the two of them.

How do you like to unwind after a busy day at work? Unwinding after a day's work will usually involve some music, either playing guitar or listening to a playlist. I am also guilty of enjoying a little bit of online gaming, either on the X-Box or the PC.

What's your go-to weekend activity?: My two favourite weekend activities would be an afternoon at the races, with Cheltenham or York being my favourite racecourses to visit, followed by an evening at a gig, watching an up-and-coming indie band, though I'm pretty happy to go and watch any sort of live music.

Are you a sports fan? Which teams do you support? My favourite sport is horse-racing, but I am also a Grimsby Town fan and whilst this has never been held against me at the Scunthorpe office, I remember at my interview way back in 2000 that something was said along the lines of "We'll soon knock that Grimsby Town nonsense out of you". They never did manage to do that... All Town Are We!

Who would you most like to invite to dinner (dead or alive) and why? If I could have some fantasy dinner guests, I'd like to meet people who have been truly innovative in what they have done, so maybe David Bowie, Jane Austen, Ricky Gervais and Taylor Swift. They might make for a good night in Wetherspoons!

Electric vehicles

Questions concerning electric vehicles continue to be among the most frequently asked to RNS partners and colleagues.

The Government has continued to incentivise the investment in EVs.

It has been consulting on a manifesto commitment to restore the 2030 phase out date for new purely petrol and diesel cars. Previously, the target date had been pushed back to 2035.

RNS partner Alex Douglas said: “Changes have made an impact on the cost of owning an electric vehicle, such as the introduction this month (April) of Vehicle Excise Duty.

“But the Government continues to incentivise investment in EVs, which has kept the EV discussion at the forefront of personal and company decision making.”

Here, we look at some of the key points around EVs.

Capital allowances

New electric cars with zero CO₂ emissions will continue to be eligible for 100% first-year capital allowances. This was extended by the Government last Autumn until 31 March, 2026, for Corporation Tax purposes and 5 April, 2026, for Income Tax purposes.

Second-hand electric cars with zero emissions and hybrid cars (new or second-hand) with CO₂ emissions of 50g/km or lower are eligible for 18% Writing Down Allowances.

Charging points

Electric vehicle charging points are eligible for 100% First Year Allowances. Their availability has been extended in line with buying an EV.



Benefit in Kind

- Normal Benefit In Kind rules apply to electric cars and vans provided to employees. The rates of tax depend on the level of CO₂ emissions.
- For pure electric cars with no CO₂ emissions, the rates are:
 - 2% of the list price for 2024-25.
 - 3% of the list price for 2025-26.
 - 4% of the list price for 2026-27.
 - 5% of the list price for 2027-28.
- There is no benefit in kind on installation of home charging point.

Likewise, there is no benefit in kind on a company provided charging.

VAT

- Normal rules for VAT recovery on the purchase or lease of a vehicle apply:
- VAT cannot be recovered on electric cars unless they are not provided for private use.
- 50% of the VAT can be recovered on leased cars.
- VAT can be recovered in full on non-leased commercial vehicles assuming no private use.
- VAT can be recovered on electric vehicle running costs such as repairs and vehicle excise duty where it applies



Double-cab pickups

Changes to the classification of double-cab pickups were announced at the 2024 Autumn Budget from 1 April for Corporation Tax and 6 April for Income Tax.

Capital allowances

Double cab pick-up vehicles with a payload of one tonne or more are treated as cars for capital allowance purposes where expenditure is incurred on or after 1/6 April.



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Save tax with pensions

How much can I pay into my pension?

This is one of the most FAQ we have been asked at RNS over the past 12 months. With frozen tax allowances and increased awareness of pensions in general it is not surprising that it has been such a popular query. However, perhaps the question should really be: “Are you making tax efficient pension contributions?”

Pension contributions can be one of the best ways to save tax and there are there are lots of hidden opportunities that you may be missing. Paying a premium into your pension each month is the most popular way of pension saving, however there are lots of other ways to use pensions and save tax.

As well as monthly premiums you can make one off lump sum pension contributions into qualifying schemes. The contributions will usually qualify for a 20% tax credit, and often also additional income tax reliefs on top.

Child benefit

If you are losing child benefit because you earn over the clawback threshold a pension contribution lowers your taxable income, and could help you re-qualify for child benefit.

In addition, the pension contributions should qualify for income tax relief too, which could save up to another 40% tax.

Planning point – child benefit starts being gradually withdrawn when your income exceeds £60,000.

Junior pensions

People may be familiar with Junior ISAs, whereby you can pay up to £9,000 a year into a tax-free ISA for your child or grandchild until they are 18.

But you can also pay up to £3,600 a year into a Junior pension.

The good thing about this is there is a 20% tax credit added to your payment immediately. So, to invest the full £3,600 you only need to pay £2,880 and the government adds a £720 tax credit to the account; an uplift of 25%.

Spouse's pensions

If your spouse is a director or shareholder in your business, they could be eligible to receive pension contributions from your business as part of their remuneration. These pension contributions would usually be a tax-deductible expense for your business.

Even if your spouse doesn't work in your business there might still be an opportunity to pay pension contributions of £3,600 which would benefit from a 20% tax credit from the government of up to £720; an uplift of 25%.



40% tax trap

Earnings over £50,271 are usually subject to 40% income tax.

So, if you have had a bonus, a promotion, a pay rise, a new company car, or a good year in your business with higher profits, keep in mind that you might be moving into higher tax brackets by the end of the tax year.

Therefore, increasing or making one off pension contributions offsets against your earnings, gets a 20% tax credit, and brings your income tax rate back down again saving a further 20% in tax.

Example

£8,000 pension contribution paid

= 20% tax credit added to your pension + £2,000

= 20% additional income tax relief personally + £2,000

Effective cost of getting £10,000 into your pension to you is £6,000; an uplift of 66%.

60% tax trap

If you earning over £100,000 then you can start to lose your £12,570 income tax free personal allowance.

This can result in an effective income tax rate of 60%

A pension contribution lowers your taxable earnings and can start to reinstate all of your tax-free allowances saving you up to 60% tax.

Rental incomes

If you have buy to let property as part of your retirement plan, are you managing the tax on the rental income efficiently?

Rental incomes can sometimes be taxed at up to 40%, if there haven't been other qualifying expenses to set against them.

So, if you don't need the rental profits now, you could recycle them into pension, and receive a credit for any tax that would have been due.

Then in retirement as well as a buy to let income, you could have a pension income as well.

Conclusion

It is clear from the examples that there are numerous factors to consider when it comes to your pension, aside from the basic principle of your pension being a savings pot for your retirement.

Pensions remain a powerful tax planning tool which your RNS contact will be happy to discuss.



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Companies House changes

Clients should be aware Companies House has introduced a new identity verification process to help deter those wishing to use companies for illegal purposes.

Anyone setting up, running, owning or controlling a company in the UK will need to verify their identity to prove they are who they claim to be.

It came into effect on a voluntary basis on 8th April but will be made mandatory in August for all company directors and People with Significant Control (PSCs) on incorporation and appointment.

RNS Partner Sinéad Catchpole said existing directors and PSCs will have a further year to comply, so will be required to have completed identity verification by autumn 2026.

“Your contact at RNS will take care of these requirements,” Sinéad said.

“The firm has become an Authorised Corporate Service Provider, otherwise known as an authorised agent.

“Anybody not complying with identity verification requirements on time will be committing an offence.”

There will be a range of consequences, including a financial penalty. They may not be able to make any filings for a company or start a new company.



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Spring statement

No major tax announcements were made by Chancellor of the Exchequer in her Spring statement, meeting a commitment to one major fiscal event a year.

Rachel Reeves announced the next Budget, when changes might be made, would take place in the Autumn.

Tax is one side of the equation, spending the other. She confirmed cuts to the welfare state and to the Civil Service with an increase in defence spending at the expense of the overseas aid budget.

Clients will be impacted by announcements about the rollout of the Making Tax Digital (MTD) for Income Tax project.

Its rollout will be expanded to include a wider range of small businesses and will operate as follows:

It will start from April, 2026, for sole traders and landlords with qualifying incomes over £50,000.

It will extend to those with qualifying incomes over £30,000 in April, 2027.

It will extend again to those with qualifying incomes over £20,000 from April, 2028.

RNS Partner Karen Lyth said the Chancellor's decision to reduce the threshold to £20,000 will ensure sole traders and landlords joining MTD for Income Tax from April 2028, have the time to prepare for the changes.

As part of the ongoing rollout, the Government will continue to explore how it can best bring the benefits of digitalisation to a greater proportion of the four million sole traders and landlords who have income below the £20,000 threshold.



Karen said: "We have been warning clients for some time about being prepared for the roll-out of MTD for Income Tax.

"It is going to have a large impact for some RNS clients.

"We will be contacting them in due course to discuss the options and solutions available for their own circumstances, ahead of the changes commencing."

The Chancellor also announced increases to late payment penalties for VAT taxpayers and Income Tax Self Assessment taxpayers as they join MTD for Income Tax from April, 2025.

The new rates will be 3% of the tax outstanding where tax is overdue by 15 days, plus 3% where tax is overdue by 30 days, plus 10% per annum where tax is overdue by 31 days or more.

Charity donation

A Barton charity received a £1,000 donation from Yorkshire Building Society Charitable Foundation after being nominated by RNS staff.

Men in Sheds Barton will use the money to fund new equipment after benefitting from the firm's High Street office acting as an agency for the building society.

The charity provides a meeting place for adults over the age of 18 in order to develop their social interaction and develop new hobbies and practical skills.

In addition, the group will provide services to the community. The charity particularly focuses on making provision for socially isolated people and those with mental health issues.

Carol Clayton, Agency Manager of Yorkshire Building Society in Barton, said: "We are proud to be able to support Men in Sheds in our community in Barton with a donation from Yorkshire Building Society Charitable Foundation.

"The charity supports local people by providing a place to learn new skills, which I have seen firsthand, and a place to meet, have a coffee and a chat.

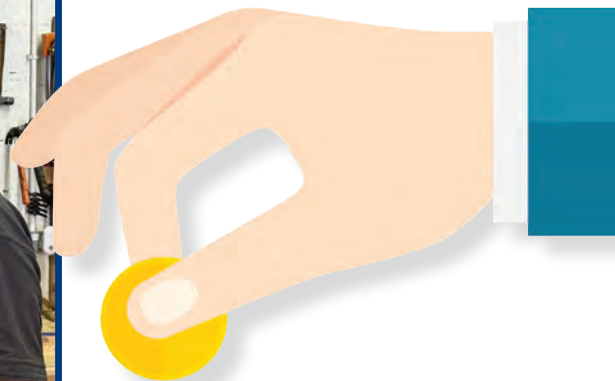
"They are also giving back and helping other local charities by supplying their finished projects."

Peter Kipling, Trustee of Men in Sheds – Barton, said: "We are really thankful for the donation from Yorkshire Building Society Charitable Foundation that will help us continue to provide our services."

Yorkshire Building Society Charitable Foundation is funded through the Small Change Big Difference[®] scheme where members donate the pennies from the interest on their accounts just once a year to help smaller charities around the UK.



Carol (front centre) hands over the donation to charity representatives.



Staff news

Three members of staff are celebrating 25 years at the firm this year.

Sharon Holmes, Joanne Northing and Amy Kirkham are members of the Brigg team and have been thanked and congratulated by partners.

Partner Karen Lyth said it was a significant milestone.

“They are all great assets to our team and we thank them for their 25 years of service.

“They have seen many changes throughout their career with us, some good and some not so good.

“Office moves, Partner changes, staff coming and going, retirements and not to mention taxation and legislation changes.

“Throughout all of this they have all shown loyalty and dedication and have made huge contributions to make RNS what it is today.

“Long serving members of staff are part of the foundations of RNS and the Partners would like to say a huge thank you for your years of dedication and commitment.”

Amy became a manager in 2005 and is payroll and bookkeeping manager.

Sharon also works as a manager based in the Brigg office and specialises in owner-managed companies.

Joanne qualified as a Chartered Accountant in 2003.

Partners Andrew Clayton and Robert Smith reached their 25-year milestone last year and Karen and John celebrate the same anniversary this.



The three members of the Brigg office who have been with RNS 25 years (left to right) Sharon, Amy and Joanne.

Welcome to the firm's latest recruit Eve Stothard.

The Trainee Accountant is Scunthorpe born and attended Queen Elizabeth's High School in Gainsborough and its Sixth Form.

She is studying for the AAT qualification and works alongside Ben Ramsay, Sharon Holmes and Oliver Scott in Brigg.

Eve enjoys the process of preparing accounts for a diverse range of companies, allowing her to continuously challenge herself.

She loves the dynamic of accounting which ensures each day is different and offers new learning opportunities to broaden her knowledge base.

Outside of work, she enjoys going to EDM concerts all over the country with her brother and a Chinese takeaway on a Saturday with her parents.



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Income tax rates and bands 2025/26

	£ per year
Basic rate - 20%	0-37,700
Higher rate - 40%	37,701-125,140
Additional rate - 45%	Over 125,140

The tax rates for dividends are 8.75% basic rate, 33.75% higher rate and 39.35% additional rate.

Income tax allowances 2025/26

	£ per year
Personal allowance	12,570
Income limit for personal allowance	100,000
Dividend allowance	500
Marriage allowance	1,260

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