

Written 11 April 2022

## **BUSINESS NEWS NORTHERN IRELAND**

Welcome to our round up of the latest business news for our clients. Please contact us if you want to talk about how these updates affect your business. We are here to support you!

### **Business resilience in these tough times**

Millions of households are facing a rise in energy costs, alongside increases in the cost of council tax, water bills and other utilities and there is a warning of fresh energy bill price rises in October. Energy prices have been affected by the Ukraine war and pressure on suppliers. There are continuing delays and shortages on a wide range of goods businesses need to function properly. In addition, the National Insurance rise is now hitting pay packets, an additional cost to both employers and employees.

Is it all doom and gloom or can you plan forward and make adjustments in and to your business to factor in these changes?



Our experience is that business owners are a resilient group and those that are the most successful are also flexible in their planning. Here are some of our recommended actions, based on what we have seen other clients doing recently to firm up their resilience to these tough times:

- Review your budgets and set realistic and achievable targets for the remainder of 2022 and know your cash flow forecast inside out.
- Get your team involved in a discussion of likely trading conditions and get their input on reducing costs and maintaining revenues.

- Get rid of 'won't pay' customers.
- Review your debtors list and chase up overdue invoices (if appropriate). If applicable, offer existing debtors extended payment terms and/or discounts.
- Make sure your terms of business contain explicit payment terms.
- Assign responsibility to one individual for invoicing and collections.
- Put extra effort into making sure your relationships with your better customers are solid.
- Review your list of products and services and **eliminate** those that are unprofitable or not core products/services.
- If possible, agree extended payment terms with suppliers in advance.
- If appropriate, review banking facilities and discuss future needs.
- Don't ignore debt. Ask for help if you are struggling.
- Know what you are spending and on what. Look at your detailed expense list in your profit and loss account and assess if there is room for negotiation in any of your fixed expenses and/or whether there are alternative suppliers.
- Look at your expenses and see if you can make small cut backs in lots of areas. Use 'bottom up' budgeting where everyone in the office gives input on areas over which they have control – target a 10% cost saving.
- Review and flowchart the main processes in your business (e.g. sales processing, order fulfilment, shipping etc.) and challenge the need for each step.
- Encourage team members to suggest ways to streamline and simplify processes (e.g. sit down and brainstorm about efficiencies and cost reduction).
- Review your staffing needs over the next few months.
- Establish your key performance indicators (KPI's) and measure them on a weekly basis.
- Review efficiency of business processes and consider alternatives such as outsourcing certain activities locally or overseas.
- Pull everyone together and explain the business strategy and get their buy-in.

Please talk to us about planning ahead because we have considerable experience with helping our clients with their strategy and sustainability in turbulent times.

## **Giving Shares to Employees**

Where companies give shares to employees in the company or group that they work for they will generally be taxed on the difference between the market value of those shares and the amount paid, if any. The transaction also needs to be reported to HMRC by 7 July following the end of the tax year. HMRC provide a template to enable employers to report the transaction online:

See: [Other ERS schemes and arrangements: end of year return template, technical note and guidance notes - GOV.UK \(www.gov.uk\)](#)

Considerations around whether employers need to operate PAYE and whether national insurance contributions are payable depends upon whether the shares are 'readily convertible assets'. Broadly this would be where there are trading arrangements in place to quickly sell the shares.

It is generally more tax efficient for the employee if the company awards them shares under a tax-advantaged share incentive scheme such as under the Enterprise Management Incentive (EMI) scheme or a Share Incentive Plan (SIP).

Contact us if you would like more information about these schemes.

#### Corporation Tax relief for Employee Share Acquisitions

Provided certain conditions are satisfied, the employing company will obtain a corporation tax deduction when employees acquire shares in the company or group that they work for, whether they acquire the shares directly or under a share option agreement. The amount of the deduction is the difference between the market value of the shares and the amount paid by the employee and will often mirror the amount taxed on the employee. This is a statutory deduction and will be available irrespective of whether there is a deduction for the transaction in the company's profit and loss account.

#### Tax Relief when Share Options are granted

A recent case before the Supreme Court (*HMRC v RCL Investments Ltd and Ors (2022) UKSC 9*) has determined that where a company is accounting for share-based payments in accordance with International Financial Reporting Standard 2 (IFRS 2) then it is possible to obtain a corporation tax deduction based on the market value of shares when share options are granted to employees. In the case heard, there was a complex arrangement involving payments to an Employee Benefit Trust (EBT) that acquired shares on behalf of employees. The Supreme Court determined that the grant of options by the EBT trustee to the companies' employees triggered an obligation on the companies to recognise an expense in their income statements equal to the fair value of the options that the EBT trustee had granted. This amount would not necessarily be recognised immediately but could be spread over a number of accounting periods.

Awarding shares to employees is a complex area so please contact us before you consider such arrangements.

#### **HMRC have published an updated factsheet for employers regarding employment status**

In conjunction with the start of the new tax year, HMRC have published an updated factsheet to assist employers in determining the employment status of their workers. The factsheet recommends the use of the 'Check Employment Status for Tax' (CEST) diagnostic tool on the HMRC website but that is not obligatory.

See: [Employment status factsheet \(ES/FS2\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/employment-status-factsheet-2021)

There is also a factsheet aimed at workers: [Employment status factsheet \(ES/FS1\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/employment-status-factsheet-2021)

### **Net Zero Technology Centre innovation funding**

The Net Zero Technology Centre has launched the first of two open funding windows for 2022.

Businesses from across the globe can apply for a share of £7 million available in the first funding window, with a maximum of £1 million to be awarded to each successful project.

The projects must support the transition towards net zero with an obligation of trialling and deploying technology within the UK continental shelf. As well as funding, the projects will also gain access to data facilities and technical expertise from industry.

The following technology focus areas have been identified for this funding window:

- carbon capture, utilisation and storage (CCUS)
- hydrogen and clean fuels
- renewables and energy storage
- zero emissions power
- venting and flaring
- integrity management - well integrity
- late life and decommissioning
- integrity management - CUI

Digital and data architecture, smart assets and field automation will be technology focus areas within the £3 million second open innovation programme in October.

See: [Net Zero Technology Centre innovation funding \(nibusinessinfo.co.uk\)](https://nibusinessinfo.co.uk/news/net-zero-technology-centre-innovation-funding/)

### **UK-South Korea collaborative research & development**

Innovate UK, part of UK Research and Innovation, will invest up to £2 million in innovation projects in partnership with the Korea Institute for Advancement of Technology.

The aim of this competition is to fund collaborative research and development (CR&D) projects focused on industrial research. Proposals must include at least one partner from the UK and one partner from South Korea.

The projects that Innovate UK fund will be expected to result in a new product, industrial process or service, be innovative, involve a technological risk and have high market potential in the participating countries.

The projects must focus on one or more of the following sectors:

- advanced manufacturing and materials

- artificial intelligence
- clean energy - specifically battery technologies, hydrogen mobility technologies and future vehicles

UK applicants can apply for a maximum grant of up to £350,000 for each project. UK project partners must carry out the majority of their project work in the UK and intend to exploit the results from or in the UK.

See: [Competition overview - UK-South Korea Collaborative R&D - Innovation Funding Service \(apply-for-innovation-funding.service.gov.uk\)](#)

### **Government sets out plan to make the UK a global cryptoasset technology hub**

The government announced last week moves that will see 'stablecoins' recognised as a valid form of payment as part of wider plans to make Britain a global hub for cryptoasset technology and investment. In brief:

- Stablecoins are to be brought within regulation, paving their way for use in the UK as a recognised form of payment.
- This is part of a series of measures to make the UK a global hub for cryptoasset technology and investment.
- Measures include legislating for a 'financial market infrastructure sandbox' to help firms innovate, an FCA-led 'CryptoSprint', working with the Royal Mint on a non-fungible token, and an engagement group to work more closely with industry.



See: [Government sets out plan to make UK a global cryptoasset technology hub - GOV.UK \(www.gov.uk\)](#)

## **Belfast Business Idea Award 2022**

Belfast City Council has opened for applications their Belfast Business Idea Award 2022. Supported by Danske Bank and Pacem, this competition aims to unearth, recognise and fast track the best business concepts in Belfast.

Ideas will be assessed based on their strength rather than the achievements of the venture so far, which means that those who have yet to set up a business have as much chance of winning as those who have already started trading.

The prizes on offer will make a real difference to early-stage businesses or those taking the first steps to make their business idea a reality.

The overall winner will receive £2,500 cash plus a support package worth £3,000. Four runners-up will also receive a support package worth over £3,000 which includes:

- Innovation Factory membership for one year (including an open plan co-working desk, access to masterclasses and on-site bespoke business mentoring)
- membership of the ENI Plus online resource for one year
- six months of free accountancy services (including software) from Pacem Accounting and Tax Advisory

The competition is open to those:

- who have a business idea, but have not yet acted on it
- who are in the process of starting up a business
- those who are in business and have been trading for less than two years

Applicants must be over 16 years old and live in the Belfast City Council area or have a business registered in Belfast.

See: [Belfast Business Idea Award \(belfastcity.gov.uk\)](https://www.belfastcity.gov.uk)

## **Northern Ireland Management Practices Survey 2022**

The Northern Ireland Management Practices Survey 2022 is being run by researchers at Queen's University Belfast for the Northern Ireland Productivity Forum.

The purpose of the survey is to better understand how management practices vary across businesses in Northern Ireland, and to inform how policy could be used to support businesses in raising productivity and growing the local economy.

The survey is aimed at businesses in Northern Ireland with at least five employees. It is intended to be answered by a senior manager with responsibility for day-to-day business operations.

The survey contains 25 questions and will take approximately 20 minutes to complete. All responses are confidential.

See: [NI Management Practices Survey 2022 \(qualtrics.com\)](https://www.qualtrics.com)

## **Enterprise Fund for Causeway Coast and Glens businesses**

Causeway Coast and Glens Borough Council has launched the Enterprise Fund which is aimed at supporting businesses with a track record of two years or less to address barriers to growth using innovative approaches.

The Enterprise Fund can provide funding of up to 100% of costs, up to a maximum of £5,000. The total cost of the project must not exceed £10,000. Match funding is not a requirement. Applicant businesses must be in a position to pay for items and claim the money retrospectively.

Examples of expenditure that can be funded include new equipment, developing IT infrastructure, implementing a significant marketing campaign, and product and design development.

To be eligible, businesses must:

- be within the Causeway Coast and Glens Borough Council area and actively trading commercially
- have completed the Business Start Programme within the last two years or have a fit for purpose business plan from other sources completed within the last two years
- have a business bank (or other financial institution) account for the sole purpose of their business ie separate from personal finances

See: [Grants and Funding - Causeway Coast & Glens Borough Council \(causewaycoastandglens.gov.uk\)](https://causewaycoastandglens.gov.uk)

## **Increase to Carrier Bag Levy**

The Department of Agriculture, Environment and Rural Affairs (DAERA) has increased the Carrier Bag Levy in Northern Ireland from 5p to 25p for all bags priced at £5 or less.

DAERA has published new guidance on Carrier Bag Levy legislation. This guidance:

- highlights the key messages of the charging arrangements
- provides some detail on the charging requirement
- deals with exemptions from the charging requirement
- deals with the arrangements for payment of the net proceeds of the levy to DAERA
- summarises the record-keeping requirements
- explains the civil sanctions that DAERA can apply in the event of failure to comply with the requirements of the regulations

See: [Guidance on Carrier Bags Charging Legislation in NI \(from 1 April 2022\) | Department of Agriculture, Environment and Rural Affairs \(daera-ni.gov.uk\)](https://daera-ni.gov.uk)

## **20 high quality training places on offer at EOS Global Tech Skills Academy**

The Department for the Economy has announced 20 high quality training places in the second Assured Skills Academy with EOS IT Solutions.

Funded by the Department, participants will receive six weeks of pre-employment training at South Eastern Regional College's Lisburn Campus in areas such as Advanced Microsoft Excel and Prince2 certified Project Management.

Academy participants who complete the training will be guaranteed an interview and those who are successful will join EOS IT Solutions and have the opportunity to work in areas such as Inside Sales, Procurement, Order Management, Customs, Logistics, Project Management and Trade Compliance.

Applicants should have a Level 5 qualification (HND or Foundation Degree) or have work experience in customs and logistics/procurement/sales/project management or administration.

The deadline for applications for the EOS Global Tech Skills Academy is Monday 2 May 2022. Interviews will be held on Wednesday 11 May and Thursday 12 May.

See: [20 high quality training places on offer at EOS Global Tech Skills Academy | Department for the Economy \(economy-ni.gov.uk\)](#)