



**A**pril is always a big month in the business world. This year is no exception, with the extended rollout of Making Tax Digital for VAT, rising National Insurance contributions and an increase in national wage rates. These changes might prompt you to look more closely at cashflow planning, which we believe is essential for successfully growing a business, and in this newsletter, we explain why.

Also, we welcome new members to the team, update you on our fundraising and answer the question, how can you get out of a commercial lease early?

## April heralds taxation changes for businesses



### Making Tax Digital



**April, and the start of the financial year, always brings notable changes for businesses and this year is no exception.**

Making Tax Digital for VAT has become mandatory for all VAT-registered businesses. Being in the Making Tax Digital (MTD) system means you must submit your VAT returns using MTD compatible software, and your first return on or after 1 April must be submitted in this way.

To sign up to Making Tax Digital for VAT, businesses (or an agent on their behalf) need to choose MTD-compatible software, keep digital records starting from 1 April 2022 or the beginning of their VAT period, and sign up and submit their VAT return through Making Tax Digital.

Also from April, the controversial

1.25 per cent increase in National Insurance came in for businesses, employees and the self-employed. This was mirrored by a 1.25 per cent increase in taxes on share dividends.

Finally, the National Living Wage (for those aged 23 and over) and the National Minimum Wage (for those of at least school leaving age) increased, as did the apprentice rate. If you need any support with getting this adjustment right for your employees, at Optimum we have an inhouse payroll team here to assist.

## Opening our doors for networking

**Now restrictions have lifted, we're pleased to have been able to restart our popular networking breakfasts.**

The free breakfasts provide a great opportunity for business people in and around Swindon to meet, network and form new connections - and we always have great bacon rolls on offer.

So far we have staged two events, and our next is on Wednesday May 25, from 7.30-9am. For more information, and to book your place, email [marketing@optps.co.uk](mailto:marketing@optps.co.uk).

We are also happy to allow others to use our great boardroom facilities, and have

been hosting a local marketing group, which meets monthly. Again, if you'd like to use our facilities for an event of your own, please get in touch: [marketing@optps.co.uk](mailto:marketing@optps.co.uk).

Finally, the team are still fundraising hard for our charity of the year, Youth Adventure Trust. We recently ran an Easter egg tombola and a raffle. If you'd like to make a donation, we have a collecting tin in our Swindon reception.



# Why cashflow & resource planning are essential for growth

**If you're planning for growth, the key to success is carefully understanding your numbers, along with comprehensive cashflow and resource planning.**

On the most basic level, work out what is coming in and what is going out. Factor into this, too, the impact Covid business support may have. For example, you may have a higher than usual tax bill because of grants you claimed, or CBILs/BBLs repayments may have started.

With rising inflation affecting personal budgets as well as the business, your business will need to give you a higher dividend just to stand still. If you want to earn more, this must be higher still.

What if you have a large expense to fund personally?

Finance for this has to come from your business, and here cashflow planning is important.

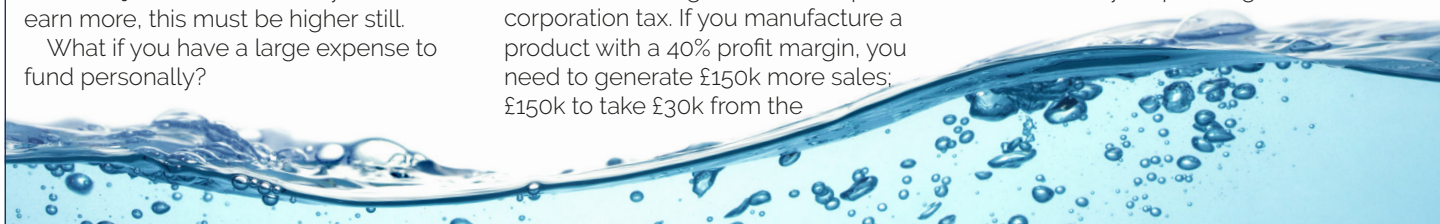
Here's an example. You want to draw an additional £30k per year in dividends. What do you need your business to bring in, in order to release this amount?

If you are a higher rate taxpayer, your dividend must be an additional £49k before tax. To take £49k out of the business it must generate £60k pre-corporation tax. If you manufacture a product with a 40% profit margin, you need to generate £150k more sales; £150k to take £30k from the

business... this demonstrates perfectly the need for cashflow planning and running the numbers.

Add to this the need to plan your resources. To make an extra £150k in sales, do you need more staff, or more equipment, or bigger premises?

We love helping our clients with resource and cashflow planning. If you are planning for growth and would like us to assist you, please get in touch



## How to get out of a commercial lease early

A commercial lease is a binding legal contract, but there are times when businesses may wish to leave the premises. If this is the case with your business, how can you get out of a commercial lease early?

If your contract has a break clause you can tell the landlord that you are going. However, be aware that there will be a notice period, and there may also be other conditions (for example the landlord would expect to take vacant possession).

Assignment is another option, where you may be able to transfer the remainder of the interest you have in a lease to another party. The landlord will need to agree this, and there may be conditions attached. An authorised guarantee agreement is likely to apply. This means that for the duration of the remainder of the lease, while the new tenant is

in occupation, if something goes awry (for example, if the rent is unpaid), the landlord can pursue the original tenant for breaches by the new tenant.

Another alternative is underletting. Here, you would still be responsible for the lease, and the rents and associated costs, but you would have found a tenant who then reimburses you.

In the absence of any other options, you may be able to negotiate an end to the lease; this is known as surrender. However, you would generally be expected to pay compensation to the landlord.

Our advice as commercial property lawyers is always to give careful consideration to the terms of a lease, to anticipate the future needs of your business, and only then sign a contract that suits both you and the landlord.



## Welcoming five new faces to the Optimum team

**A warm welcome to five new team members, who have joined Optimum since the start of the year.**

Joining our accountancy team are Matthew Littler and Larissa Hall. Matthew, who is based in our Cheltenham office, is an Accounts Senior. He is qualified to AAT level and is now working towards his chartered status. Larissa, also based in Cheltenham, is a bookkeeper, supporting our clients.

Our legal team have been joined by Tara Screen and Julie Loveridge. Tara is a Chartered Legal Executive, who has worked in the legal profession for 20 years, and she helps our

conveyancing clients with their property moves. Julie has joined the team as Legal Assistant.

Finally, last but by no means least, we have a new Office Manager in Clair Stenning, who works closely with Tracey Heath, our Practice Director.

We are still recruiting, as our business goes from strength to strength. Currently, we have vacancies for an accountant, a tax assistant and a bookkeeper. Details of all the roles are on our website.



Matthew Littler



Larissa Hall



Tara Screen



Julie Loveridge



Clair Stenning

For more information about Optimum's services please email [info@optps.co.uk](mailto:info@optps.co.uk) or visit [www.optps.co.uk](http://www.optps.co.uk).

To talk to the team, call our Swindon office on 01793 538 198 or our Cheltenham office on 01242 384 936. Our offices are at Vicarage Court, 160 Ermin Street, Stratton, Swindon, SN3 4NE and The Site, 24 Chosen View Road, Cheltenham GL51 9LT.