

Spring is in the air and April marks the start of a new tax year. Against a background of economic uncertainty, we explore what businesses can do to navigate through. Plus, we look at conveyancing and when to appoint a solicitor, whether and when sole traders should register for VAT, and explain the recent and upcoming changes to Inheritance Tax.



Protecting your bottom line in the current economic climate

Businesses are currently navigating a perfect storm of economic pressures. Between persistent inflation, high interest rates, and soaring energy costs driven by global instability, margins are under immense strain. Added to this, the recent increase in the National Minimum Wage means employment costs are rising. To help you ride this storm, we suggest a three-pronged strategic approach to protect your profits.

1. The Pricing Dilemma

While raising prices is the most direct way to defend margins, caution is essential. If your product is a commodity, easily found elsewhere, a price hike may drive customers away. However, if you offer unique value or specialised expertise, clients are often more willing to absorb increases. If you must raise rates, clearly communicate the value you provide to justify the change.

2. Operational Efficiency

If the market won't support higher prices, you should look inward:

- **Audit overheads:** Review every line item to eliminate waste.
- **Optimise premises:** Consider downsizing or subletting excess space to combat energy bills.
- **Supply chain:** Regularly compare suppliers to ensure you are receiving the best possible value for raw materials and utilities.

3. Strategic Investment

Efficiency isn't just about cutting; it's about better utilisation.

- **Retraining:** Re-deploying staff into high-impact roles can improve output without increasing headcount.
- **Tax incentives:** Utilise the Annual Investment Allowance (AIA), which remains at £1 million. This allows for 100% tax deduction on qualifying plant and machinery, providing immediate cashflow relief.

To make these decisions effectively, you need a total handle on your numbers. We can help you model these scenarios, assess the impact of potential price changes, and identify where tax reliefs can bolster your cashflow.



Does a sole trader need to be VAT registered?

For a sole trader, VAT registration is a major milestone. While it brings extra admin, it is a legal requirement once your turnover hits a specific limit.

Mandatory registration

You must register if your taxable turnover exceeds £90,000. Use these two tests to monitor this:

- **The backward look:** At the end of each month, check your total sales for the previous 12 months. If they exceed £90,000, you have 30 days to notify HMRC.
- **The forward look:** If you expect your rolling 12-month turnover to exceed £90,000 in the next 30 days, you must register immediately.

Remember, the rolling 12 months is not the same as the tax year (April to April). It is any consecutive 12-month period.

Voluntary registration

You can register even if you are below the

threshold. This allows you to reclaim VAT on business expenses and equipment. It also adds professional credibility when dealing with larger corporate clients. However, it increases your admin burden under Making Tax Digital (MTD) and may make your prices less competitive if you sell directly to the public.

Risks of non-compliance

Failing to notify HMRC within the 30-day window results in a Failure to Notify penalty. More importantly, you will be liable for backdated VAT from the date you should have registered, even if you didn't charge your customers that extra 20%.

Can you deregister?

If turnover drops, you can apply to deregister once your previous 12-month sales fall

below £88,000.

It's worth noting that all these same rules also apply if you run a limited company. We work with many sole traders supporting them through business growth and – if they need or want to – becoming VAT registered. For help and advice contact our team.



WHEN TO HIRE A CONVEYANCER

In the property market, timing is critical, and a question often asked is, when should you appoint a conveyancing solicitor. Our advice is, do so as soon as possible, ideally before you have even made an offer. Here's why this matters:

1. Demonstrating commitment

Instructing a solicitor early signals seriousness to sellers. In competitive scenarios, this can give you the edge over other buyers.

2. Accelerating the timeline

Early appointment allows you to complete mandatory ID and fund checks immediately. This ensures your solicitor can request the contract pack the moment your offer is accepted, preventing administrative delays.

3. Professional guidance

A solicitor provides expert oversight from the start, particularly for complex

properties. Without one, the estate agent cannot issue the Memorandum of Sale, which will cause a delay.

4. Avoiding hidden costs

Choosing an independent firm in advance protects you from the pressure of using agent-recommended solicitors. This ensures transparent fees and representation focused entirely on your interests.

If you have already made an offer, appoint a solicitor immediately to avoid delays that could jeopardise the sale. Prioritise firms with transparent fees and expertise relevant to your particular situation, such as leaseholds or new-builds.

Finally, exercise your right to choose an independent conveyancer rather than an agent-recommended one.

If you are buying or selling a property why not get in touch with our legal team for advice?

Changes to Inheritance Tax: What you need to know

The UK's inheritance tax (IHT) landscape is undergoing its most radical overhaul in decades. Here is a summary of the key reforms.

Major changes (which took place in April) now apply to Agricultural Property Relief (APR) and Business Property Relief (BPR):

- **The £2.5m cap:** A combined limit of £2.5 million now applies to assets qualifying for 100% relief.
- **The 20% 'excess' tax:** Any value above the £2.5 million threshold receives only 50% relief, resulting in an effective tax rate of 20% on the excess.
- **Spousal Transfers:** This £2.5m allowance is transferable, allowing couples to

protect up to £5m in combined assets.

Shares on the Alternative Investment Market no longer qualify for 100% relief; they now receive a flat 50% relief on their entire value.

Yet more changes are coming into force in April 2027. Most unused pension funds and death benefits will be brought into the taxable estate, meaning pension pots will be included alongside property and savings when calculating the total IHT liability.

While the rules for businesses and pensions are changing, the core thresholds for most individuals remain frozen until April 2031.

The new rules for family businesses and farms are complex, but they don't have to be overwhelming. Why not talk to our tax experts today for a review of your estate? We'll help you understand exactly how the changes may impact you and what plans you can put in place.



Egg-cellent team effort helps boost charity

Well done to the team who raised nearly £190 with their Easter activities. This will be added to the Red Nose/Justgiving page, bringing the total to just over £230.

Mike was thrilled to win the bunny (his daughter is now the proud owner), Rob carried off a bottle of fizz (from under Debbie's nose) and Debbie herself now has a rather cosy pillow. Our tombola, raffle, guess the name and guess the sweets competitions all went down well and we're delighted to have once again supported such a great cause.



Networking dates for your diary

Please join us for some of our free networking breakfasts. We alternate between our Swindon head office (7:30-9:00 am) and The Site in Cheltenham (9:00-10:30 am). You can find the booking links on Eventbrite, or email marketing@optps.co.uk to let us know you're coming. Here are the dates for the rest of the year:

- **May 12 – Cheltenham**
- **June 9 – Swindon**
- **July 14 – Cheltenham**
- **August – summer break**
- **September 8 – Cheltenham**
- **October 13 – Swindon**
- **November 10 – Cheltenham**
- **December 15 – Swindon**



For more information about Optimum's services please email info@optps.co.uk or visit 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.