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**Jacobsallen**  
Chartered Accountants & Chartered Tax Advisers  
figuring it out.

## Business News England

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!

### Could government-backed financing help your business expand?

A small business from Barnsley, Slime Party UK, has successfully secured government-backed financing, enabling it to significantly expand its operations, create new jobs, and develop new product lines.

This success story provides a valuable blueprint for other small businesses seeking to grow, especially those looking to enter or expand in export markets.



#### Slime Party UK's journey: From kitchen to global markets

Slime Party UK began as a humble kitchen project by its founder, Ruby Sheldon, producing a mess-free variety of sensory putty. The business quickly gained traction and now supplies some of the largest toy retailers globally. However, despite its popularity, the company faced significant challenges in securing the necessary financing to continue its growth, particularly in export markets.

#### Overcoming financing challenges

With a £150,000 turnover, the company was too small to qualify for traditional trade finance packages, a common issue for micro-enterprises. So, Slime Party UK reached out to UK Export Finance (UKEF), the UK government's export credit agency.

UKEF connected the company with Newable Commerce, a specialist lender focused on supporting small and medium-sized enterprises (SMEs). Backed by UKEF's General Export Facility (GEF) guarantee, Newable Commerce were willing to provide a £55,000 financing package to Slime Party UK.

This funding has been instrumental in the company's growth, allowing it to open a new 15,000 square foot factory in Barnsley, increase its staff by 50%, and expand its product range.

The financing has also enabled Slime Party UK to meet the high demand from its export markets, particularly in Europe and the Middle East, including Lebanon, Malta, and Ireland.

The business is now well-positioned to continue its expansion into new markets globally, thanks to the financial backing and strategic support it received.

### Lessons for other small businesses

There are some key takeaways for all small businesses, especially those involved in exporting, including:

1. Explore Government-Backed Financing: UKEF's General Export Facility and other government-backed financing options can be a lifeline for you if you are struggling to secure traditional financing for your business. These resources are designed to support SMEs at various stages of growth, particularly those looking to expand internationally.
2. Be willing to partner with specialist lenders: Working with non-bank lenders, like Newable Commerce, that specialise in supporting SMEs, can provide access to tailored financing solutions that align with your business' unique cash flow needs and growth objectives.
3. Leverage Networking Opportunities: UKEF not only provided financial support but also connected Slime Party UK with Dynamic Funding Limited, a broker that helped the business secure additional private financing. Building a network of financial and strategic partners can open doors to you for new opportunities and resources.
4. Invest in Growth and Innovation: With the right financing in place, Slime Party UK was able to invest in new facilities, staff, and product development. For your business, securing funding is just the first step - investing wisely in areas that will drive growth and innovation is crucial.

If you are a small business looking to follow in Slime Party UK's footsteps, the message is clear: the right financial backing, coupled with strategic partnerships, can unlock significant growth opportunities and pave the way for success.

Why not give us a call and see how we can help you evaluate the best finance options for your business for it to successfully grow?

See: <https://www.gov.uk/government/news/yorkshire-toy-maker-grows-with-government-backing>

### **Updated interest rates and repayment thresholds for student loans announced**

The latest annual update to Student Loan interest rates was made last week by the Department for Education.

Different rates and thresholds apply depending on the type of student loan and the new rates will apply from 1 September 2024 to 31 August 2025.

Those running payroll may want to be aware that the rates are changing in case of queries from staff with student loans who notice a change in their deduction in their September pay packet.

For details of the rates, see: <https://www.gov.uk/government/news/student-loans-interest-rates-and-repayment-threshold-announcement--5>

## **Rural Businesses Set for Major Broadband Boost**

Rural business owners across Britain are on the cusp of a significant digital transformation, thanks to a landmark deal between the UK Government and Openreach that's part of an initiative aimed at modernising outdated broadband infrastructure.

With up to £800 million in investment, this ambitious project is aiming to deliver lightning-fast gigabit-capable broadband to around 312,000 homes and businesses in some of the most remote areas, including parts of Wales, Scotland, and England.



### Current broadband challenges in rural areas

For many rural businesses, slow and unreliable internet has been a persistent challenge, and can limit the business' ability to compete in an increasingly digital economy.

This issue is particularly acute in areas such as the South Wales Valleys, Exmoor National Park, and the Forest of Bowland, where current broadband infrastructure struggles to support even basic online tasks. This lack of reliable connectivity has not only hindered productivity but also stifled innovation and economic growth in these regions.

### Project Gigabit

Project Gigabit was launched by the government to try and bridge the digital divide. This initiative hopes to bring the fastest available broadband to rural areas that have been left behind.

This new phase of the project includes a £288 million contract with Openreach, which will connect approximately 96,600 homes and businesses across England and Wales.

There are also further contracts in the pipeline, that will aim to extend high-speed connectivity to an additional 215,800 premises across Great Britain, including central and northern Scotland, North and South West Wales, and other remote regions.

### Impact on Rural Businesses

For rural business owners, the rollout of gigabit-capable broadband could be a game-changer.

The improved infrastructure will enable businesses to operate more efficiently, whether that's by facilitating remote work, enhancing online services, or making it possible for the business to adopt new digital technologies.

In turn, these improvements should also stimulate local economies and attract new businesses to the affected areas.

As the upgrade unfolds, rural businesses should be ready to capitalise on the opportunities that can come from improved broadband access.

See: <https://www.gov.uk/government/news/312000-rural-homes-and-businesses-to-get-access-to-faster-broadband-in-overhaul-of-old-infrastructure>

### **Abolition of Furnished holiday lettings tax regime confirmed**

HM Revenue and Customs (HMRC) have published draft legislation and a policy paper outlining the proposal for the abolition of the furnished holiday lettings (FHL) tax regime. This was originally announced by the previous government and any hopes that this may be stalled by the new government are now laid to rest.

The new measures are proposed to take effect on or after 6 April 2025 for income and capital gains tax, and from 1 April 2025 for corporation tax.

The proposed revisions will remove the tax advantages that furnished holiday let landlords have over other property businesses, as follows:

1. Loan interest will be restricted to the basic rate for Income Tax.
2. Capital allowance rules for new expenditure will be removed and replaced with the replacement of domestic items relief available to other property businesses.
3. Capital gains tax reliefs based on disposing a business asset will no longer apply to furnished holiday lets.
4. Furnished holiday let income will no longer be included within relevant UK earnings when calculating maximum pension relief.

There are some specific transitional rules that will apply to these changes.

If you own properties that currently qualify for the FHL tax regime, we recommend that you review the effects that the change in legislation will have on you so that you can determine if you need to take any action. If you need any help with this, please do not hesitate to contact us, we would be pleased to help you.

See: <https://www.gov.uk/government/publications/furnished-holiday-lettings-tax-regime-abolition>

## VAT on Amazon Fees from 1 August 2024

From 1 August 2024, selling fees charged by Amazon to UK vendors will be subject to VAT at 20%.

This is because of a change in the legal entity that charges the fees. Previously, fees were charged by Amazon Service Europe S.a.r.l (ASE), which did not have a UK establishment, so the fees were subject to the VAT reverse charge procedure. From 1 August, fees will be charged by Amazon EU S.a.r.l (AEU), which has a UK branch. This means that AEU must charge VAT at 20% on fees.

Vendors who are VAT-registered will be able to reclaim the VAT, subject to the usual partial exemption rules. Those who are not VAT-registered will see their selling fees increase by 20% because they cannot claim the VAT.

Generally, such increases in VAT are largely borne by the consumer, as vendors pass the increased costs onto their customers.

For more information, see: <https://sellercentral.amazon.co.uk/seller-forums/discussions/t/fe8e800e-d95c-42ae-a98b-e6e682547f90>

## VAT on private school fees: What that means for you



Draft legislation has now been published for the government's plan to end the VAT exemption for private school fees.

The government is also legislating to remove private schools from being eligible for business rates charitable rates relief. Because business rates policy is devolved, the business rates policy change will only affect private schools in England. VAT policy, however, is reserved and so the VAT changes will

affect private schools across the UK.

### The current situation for VAT

Currently, private schools, as regulated education providers, qualify as exempt from VAT. This means no VAT is currently charged on private school fees. Private schools also cannot recover any VAT they incur on expenditure.

### What will change?

From 1 January 2025, all education services and vocational training supplied by a private school, or a "connected person", for a charge will be subject to VAT at the standard rate of 20%. Any boarding services that are closely related to this supply will also be subject to VAT at 20%.

For parents this means a likely increase of 20% in private school fees beginning next year. However, since private schools will now be able to claim back the VAT on expenditure they incur. This might provide some latitude for the school to be able to absorb some of the increase.

### What if a pupil is being funded by the Local Authority?

In some cases, pupils are in a private school because their needs cannot be met in a state run school and the Local Authority funds this. Where this is the case the Local Authority will be compensated for the VAT they incur. If this is your situation then you should see no change.

### Can I pay fees in advance to save VAT?

Unfortunately not. As an anti-forestalling measure, any fees paid from 29 July 2024 that relate to the term starting in January 2025 and onwards will be subject to VAT.

### Does this apply to nurseries?

The intention is that nurseries, whether standalone or attached to a private school will remain exempt from VAT.

It will be the fees for children who turn compulsory school age that will become taxable. So, this means that VAT will start to apply when a child begins their first year of primary school.

### How about sixth form?

Education and vocational training provided by standalone private sixth form colleges or ones attached to a private school will also be subject to VAT.

However, further education colleges that are classified as public sector institutions will not be subject to VAT.

### Is there any change for state schools and academies?

No, state schools, including academies, will continue to be exempt from VAT for education and boarding.

### How about other goods and services supplied by private schools?

Outside of boarding, a private school will also often provide school meals, transport and books and stationery. The government has confirmed that other closely related goods and services other than boarding which are for the direct use of the pupils and necessary for delivering the education to the pupils will remain exempt from VAT.

This opens the possibility that a school might limit the amount of VAT they charge by assigning a high value to these VAT exempt goods and services and a low value to the VATable education and boarding services. However, the government have confirmed their awareness of this, and any such practice will be challenged.

The additional fly in the ointment with having a mixture of taxable and exempt supplies is that it can affect the amount of VAT that can be recovered by the school on its expenditure. Partial exemption calculations are needed, and HM Revenue and Customs (HMRC) have said they will provide specific guidance for schools on how to do this.

It's also been confirmed that VAT will need to be charged on any education after school hours or during the holidays. However, before or after school childcare, or childcare holiday clubs, that just consist of childcare will remain exempt from VAT.

### When will private schools need to register for VAT?

Any private schools that are not already VAT registered will need to register from 1 January 2025.

Schools that don't already make any taxable supplies will be able to register from 30 October. Schools that do currently make taxable supplies, such as hiring out facilities, can choose to voluntarily register early.

If you are involved in running a private school and would like help on what these VAT changes will mean to you or would like training or advice on how to deal effectively with VAT, please call us and we would be happy to help.

See: <https://www.gov.uk/government/publications/vat-on-private-school-fees-removing-the-charitable-rates-relief-for-private-schools>

The image is a business card for Jacobsallen. At the top left is the Jacobsallen logo, a yellow circle with 'JA' and 'SA' inside. To its right is the slogan 'Partners in Your Success' in bold black text, followed by the company name 'jacobsallen' in a lowercase sans-serif font. Below this is a photograph of three people (two men and one woman) sitting around a table, smiling and looking at documents. Underneath the photo is a horizontal bar with four colored boxes: 'Accounts' (red), 'Tax Services' (green), 'Corporate Finance' (blue), and 'Management' (orange). Below this bar is the text 'Jacobs Allen - Partners in Your Success' in a smaller font. The bottom section of the card features the 'jacobsallen' logo again, followed by 'Chartered Accountants & Chartered Tax Advisers'. To the right of this are two logos: 'Chartered Tax Advisers' and 'ICAEW CHARTERED ACCOUNTANTS'. At the very bottom, in small text, are the addresses and contact information: '59 Abbeygate Street, Bury St Edmunds, IP33 1LB. Call: 01284 704260', '12a High Street Haverhill CB9 8AR. Call: 01440 707184', 'Email: ask@jacobsallen.co.uk', and 'Website: www.jacobsallen.co.uk'.

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