

NEWS ROUND-UP

FEBRUARY 2025

ABBEYGATE | ACCOUNTANCY

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MIXED VIEWS ON BUSINESS GROWTH THIS YEAR

Most UK businesses are optimistic about the start of 2025, with economic confidence surveys showing plans for growth following a difficult period. However, retail and hiring concerns linger.

According to Lloyds Bank, 70% of businesses expect turnover to rise over the next year, up from 62% in December 2023. Additionally, 73% anticipate greater profitability. Seven in ten leaders in the financial services sector believe Government initiatives will boost growth and competitiveness in 2025.

The survey, which consulted over 160 senior executives, revealed that 68% are confident the chancellor's plans to "regulate for growth" and introduce a competitiveness strategy in spring will attract foreign investment.

However, these positive findings contrast with other recent reports. The Confederation of British Industry's (CBI) growth indicator survey warns of a sharp decline in business activity as companies brace for reduced hiring and output in early 2025.

Retailers are also facing challenges, with the British Retail Consortium reporting a six-point drop in consumer spending forecasts for the new year. The Bank of England recently suggested that UK growth likely stalled in the final quarter of 2024, as inflation rose to 2.6%, the highest level in eight months.

While signs of optimism are evident in some sectors, conflicting data highlights the uncertain outlook for the broader economy.

Talk to us about your business.

CHARITABLE DONATIONS THROUGH WILLS HIT £2.1BN IN 2024

In 2024, over 400 estates donated at least £1 million to charities, contributing to a record-breaking total.

Gifts exceeding £1m rose by 33% from the previous year, increasing from £850m in 2023 to £1.1bn.

These high-value donations accounted for 54% of the £2.1bn gifted to charities through wills in 2024. A total of 440 estates made significant charitable contributions, reducing their exposure to inheritance tax (IHT).

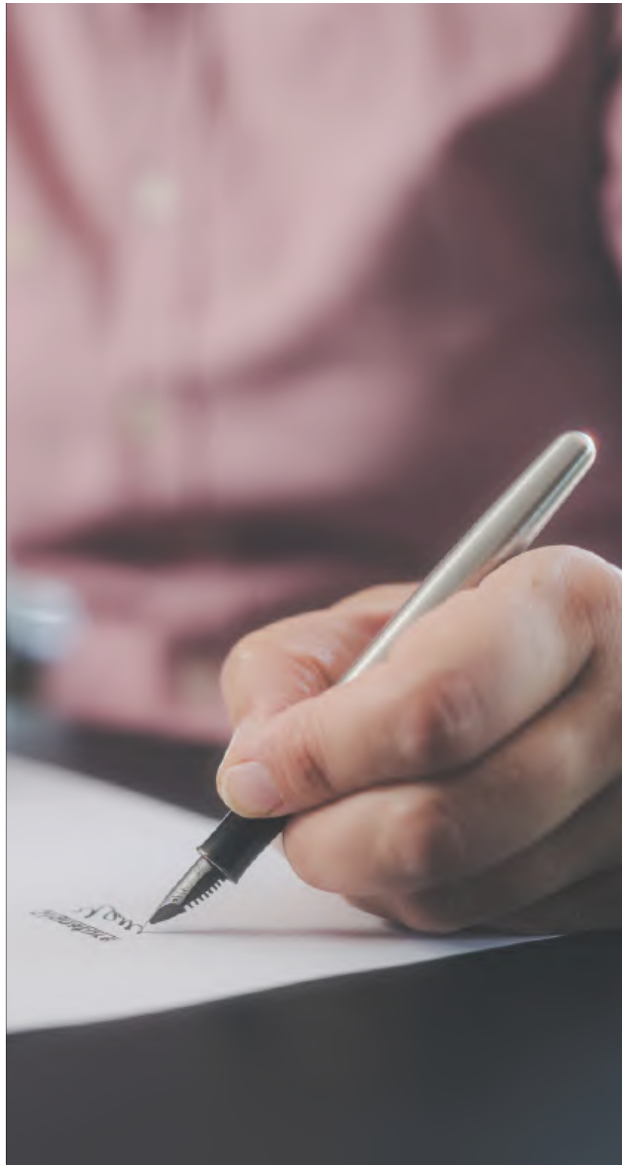
Many individuals choose to leave large portions of their estates to charity for personal and philanthropic reasons, often supporting organisations they value. However, there are financial incentives as well.

Those who donate more than 10% of an estate to charity benefit from a reduced IHT rate of 36%, compared to the standard 40%.

The trend of large charitable donations has grown steadily over recent years. In 2018/19, £760m in gifts over £1m were left to charities through wills, rising to £930m in 2019/20.

By donating to charities, individuals can support meaningful causes while mitigating tax liabilities, reflecting both generosity and strategic estate planning.

Talk to us about your tax matters.



OVER 90K SELF ASSESSMENT TAX RETURNS FILED OVER CHRISTMAS

According to HMRC, nearly 92,800 people spent part of their Christmas break completing their tax returns.

With the self assessment deadline fast approaching, HMRC is urging those who have yet to file to avoid penalties by submitting on time.



On Christmas Eve, 23,731 returns were submitted, with 1,108 people filing between 11am and midday. On Christmas Day, 4,409 people filed their returns, including 368 between 3pm and 4pm, likely as many enjoyed their festive lunch.

Boxing Day remained busy, with 11,932 taxpayers opting to complete their forms and 1,108 filing between 4pm and 5pm. Over the three days from Christmas Eve to Boxing Day, 40,072 returns were filed.

The trend continued into New Year's Eve when 38,000 people took the opportunity to submit their tax returns. Between 11pm and midnight, 310 last-minute filers rushed to beat the clock. On New Year's Day, 24,800 individuals tackled their forms – possibly clearing their heads from the celebrations the night before.

In total, 52,800 returns were filed between 31 December and 1 January.

Last year, over 97% of tax returns were completed online by the 31 January self assessment deadline. With penalties in place for late submissions, HMRC encourages those yet to file to act now and avoid unnecessary charges.

Myrtle Lloyd, HMRC's Director General for Customer Services said:

"We know completing your tax return isn't the most exciting item on your New Year to-do list, but it's important to file and pay on time to avoid penalties or being charged interest.

"The quickest and easiest way to complete your tax return and pay any tax owed is to use HMRC's online services."

Talk to us about your tax return.

HMRC HELPLINE WORKERS SET STRIKE DATES

Public and Commercial Services Union (PCS) members have announced strike action affecting HMRC's Benton Park View offices in Newcastle.

The strikes, scheduled across eight days from 23 December 2024 to 14 February 2025, aim to reinstate three sacked union representatives.

The industrial action involves approximately 0.5% of HMRC's workforce and takes place during the height of the self assessment filing season. The strikes will last three hours on specified mornings, disrupting HMRC phone helplines, particularly those assisting employers and Construction Industry Scheme (CIS) users.

HMRC advises avoiding these phone lines during strike hours, as delays are expected. Webchat and phone lines will remain operational, but customers may face longer wait times. To mitigate disruptions, HMRC plans to redeploy 100 staff from its surge and rapid response team (SRRT) to support affected services.

Picket lines will be held from 7am to 10am on the following days:

- **23 January**: Ainsthorpe Garden entrance
- **29 January**: Main gates
- **5 February**: Main gates
- **6 February**: Ainsthorpe Garden entrance
- **14 February**: Main gates

HMRC has updated its employer enquiries page and will provide notices on its website and helpline recordings to inform users about potential delays.

The PCS claims the strike action directly responds to the dismissal of union reps over trade union activities.

Talk to us about your finances.



WANT TO TALK TO AN EXPERT?

If you've found the topics covered in this report to be of interest or you would like to delve deeper into any of them, we welcome the opportunity to engage in a more detailed discussion with you. Our team of experts is always keen to share insights, and we're confident that a conversation with us can provide valuable perspective.

We are also well-positioned to update you on the latest trends, opportunities and challenges in the business world. As we all know, staying ahead of the curve is vital in today's fast-paced business landscape, and we're here to help you navigate it successfully.

If you're considering getting extra support, we invite you to explore the comprehensive solutions we offer.

To schedule a meeting or to get more information, please don't hesitate to contact us.



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