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# HMRC CONTACTS PENDING ROR CLAIMANTS

# Provisional claimants are urged to make a valid claim by 31 January 2025.

HMRC is writing to taxpayers who made a provisional business asset roll-over relief (ROR) claim on asset sales in 2020/21 and haven't replaced it with a valid claim. The deadline for making a valid claim is 31 January 2025. If a valid claim isn't made by then, HMRC will withdraw the provisional claim, making the deferred capital gains tax (CGT) payable.

Taxpayers may claim ROR when selling a business asset if they buy a qualifying asset within a set period. This claim defers CGT on the sale. If taxpayers intend to buy a qualifying asset but haven't done so when needing to claim ROR, they can make a provisional claim. They must replace this with a valid claim once they buy the asset.

HMRC advises taxpayers to respond if they have bought or will buy a qualifying

asset by 31 January 2025 and notify HMRC by completing form HS290 for 2020/21. If unable to use the form, they should reply to HMRC's letter with the requested information.

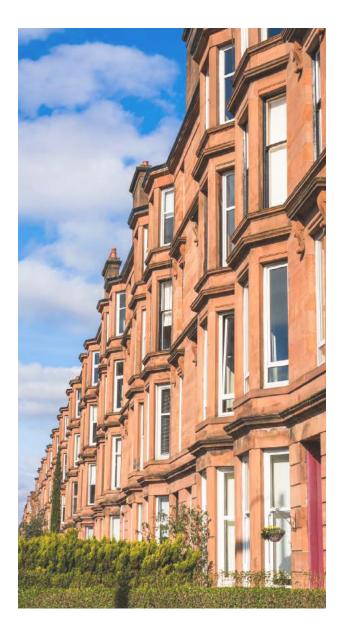
HMRC has also urged claimants to contact HMRC now if they haven't bought a qualifying asset and don't intend to by 31 January 2025. HMRC will withdraw the provisional claim and send an assessment for any owed tax and interest. Prompt action will reduce the interest payable.

HMRC may extend the period to acquire the qualifying asset, with conditions outlined in their letter. Claims made after 31 January 2025 will be considered on a case-by-case basis.

Later in the year, HMRC will write to taxpayers who haven't replaced provisional claims for 2021/22. The deadline for valid claims for 2021/22 is 31 January 2026.







# HOUSE PRICES RISE SLIGHTLY AGAIN

The average cost of a home now stands at £264,249, marking a 1.3% increase year-on-year.

The housing market is showing signs of resilience, with Nationwide reporting a 0.4% rise in house prices in May compared to April. The average cost of a home now stands at £264,249, marking a 1.3% increase year-on-year. According to Nationwide's index, this rebound follows month-on-month price drops of -0.4% in April and -0.2% in March.

Other lenders have also observed modest falls in recent months, reflecting concerns over subdued demand due to higher mortgage rates. Despite these worries, the recent figures indicate a potential stabilisation in the market.

Inflation fell to 2.3% in April, the lowest level in nearly three years. However, this rate was higher than anticipated by economists and the Bank of England, leading analysts to suggest that an interest rate cut is now less likely in June or August.

Nationwide's chief economist, Robert Gardner, said:

"The market appears to be showing signs of resilience in the face of ongoing affordability pressures following the recent rise in longer-term interest rates.

"Consumer confidence has improved noticeably over the last few months, supported by solid wage gains and lower inflation."



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## MEDIA SECTOR FACES SCRUTINY FROM HMRC

A survey by RSM revealed that 40% of media firms had filed an R&D claim in the past year, but only 24% of these were approved without dispute.

A recent crackdown on the abuse of the research and development (R&D) tax relief regime has significantly impacted the media sector, with HMRC questioning three out of four claims. A survey by RSM revealed that 40% of media firms had filed an R&D claim in the past year, but only 24% were approved without dispute.

One-third of these claims were eventually approved after an initial challenge by HMRC, while another third were outright refused in the last 12 months. This contrasts sharply with the overall statistic that only 20% of R&D claims are challenged by HMRC, compared to 55% in the media sector. The media industry encompasses various sectors, including audio, music, film and TV companies, marketing, advertising and communications agencies, publishers, and gaming companies.

In the 2021/22 tax year, 90,315 R&D claims resulted in £7.6 billion in tax relief. However, less than 1,000 R&D claims came from the entire arts, recreation, and recreation sector, totalling approximately £100 million. In comparison, the manufacturing sector had around 21,000 claims and received over £1.5bn in tax relief.

Notably, 95% of media industry respondents reported making a claim for some form of tax relief.



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## ONLY 13% OF BOUNCE BACK LOANS PAID OFF

£46.9 billion was lent during Covid under the scheme. While nearly three-quarters of borrowers are on track to repay, a significant £40.9bn remains outstanding.

The amount of bounce-back loans fully repaid is just 13% of the £46.9bn handed out to companies during the pandemic.

Despite £46.9bn being handed out in bounce back Loans during the pandemic, only 13% have been fully repaid. While nearly three-quarters of borrowers are on track to repay, a significant £40.9bn remains outstanding. Across all three Covid loan schemes, totalling £76.9bn, £21.5bn has been fully repaid.

The Government has banned 831 company directors for fraudulent Covid loan applications, an 80% increase from the previous year. Banks refused £2.2bn worth of loans due to concerns about repayment, preventing further potential losses. While bounce back loans accounted for most of the loans, fraud was more prevalent in smaller business loans. Larger businesses utilising the Coronavirus Business Interruption Loan Scheme (CBILS) and the Coronavirus Large Business Interruptions Loan Scheme (CLBILS) saw less fraud. Of the £25.8bn lent through CBILS, 38% has been repaid, with 1.49% in arrears and 1.2% defaulted. CLBILS, with £4.5bn lent, saw no reported fraud.

Dean Beale, chief executive at the Insolvency Service, said:

"Tackling bounce back loan misconduct is a key priority for the Insolvency Service, and we are determined to use all our available powers to remove rogue company directors from the corporate arena."



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#### 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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