

Solihull Office: 0121 693 5000  
Bromsgrove Office: 01527 833124  
Coleshill Office: 01675 466344  
[jerroms.co.uk](http://jerroms.co.uk)

**Jerroms**  
ACCOUNTANTS &  
BUSINESS ADVISERS



## Is your business "green" ready?

If not, here are five compelling reasons why your business may wish to embrace the "green" movement, along with some hints on how this could be achieved.

## Benefits of "Going Green"

As a society, we are increasingly "green conscious" and we all know how important it is to play our part in helping to clean up our environment.

But did you realise that as a business you can take advantage of the many schemes and incentives available to help you become more environmentally friendly?

This guide explains how you can benefit from "going green", with some hints to help you on your way!

### #1 Financial Reasons

A business can easily save money by reducing power usage. Opt to switch LED lights for your office or manufacturing plant. Doing this could help you save up to 70 percent on your electricity bill.

Going paperless is also another saving tip your company should seriously consider, and not to mention the number of trees that would be saved if all businesses go paperless.

Turning off computers, printers and copiers at the end of the day and setting computers to sleep mode can also add up to big savings.

It also worth noting that financial lenders are increasingly looking at a company's green credentials when making lending decisions. Having a business that adopts a positive environmental policy could impact on whether you secure your requested funding.

### #2 Tax Perks & Privileges

Significant tax efficient savings and incentives are available for those businesses looking to become more environmentally friendly.

For example, as we look towards a more sustainable and "greener" energy future, the Government is providing tax incentives for those investing in low emission, hybrid and electric cars. It can now be hugely beneficial from a tax perspective to purchase an electric car.

The taxable benefit to an employee who is provided with a company car to use privately will also be lower for cars with lower carbon emissions. Employees provided with a company car who also use the car for personal use are subject to a benefit-in-kind charge for the private use of the vehicle. Such employees are taxed by taking a percentage of the list price of the car provided to give the amount of taxable benefit.

The percentage used to determine the taxable benefit varies depending upon the CO<sub>2</sub> emissions of the car; the lower the CO<sub>2</sub> emissions, the lower the percentage, resulting in a lesser amount of tax due. The percentage used for an electric vehicle in 2021/22 is 1%.

### The new Capital Allowances offer

As a result of measures announced at this Budget, businesses will now benefit from significant capital allowance measures, one of which includes:

The 50% first-year allowance (FYA) for special rate (including long life) assets until 31 March 2023 for companies, this includes investments such as solar PV systems and is a rise from the 6% capital allowance.

### Cycle to work scheme

If you aren't already, consider engaging your business in the Cycle to Work scheme. This 20-year-old scheme is an increasingly popular salary sacrifice scheme, allowing staff to have access to use road bikes from their employers, completely tax-free.

Not only can your employees benefit from having tax free access to a new road bike and subsequent accessories, employers can save on the Cycle to Work scheme too. It's possible to claim for the full cost of the bike, as well as a saving of National Insurance Contributions (NICs) up to 13.8% of the bike's value.

Aside from the tax benefits for you and your staff, engaging your employees in cycling to work can also help create a happier, healthier workforce and reduce the number of commuting cars on your local roads.





## **Research & Development (R&D) tax reliefs for the development of greener products or services**

If your business is investing in research and development to advance in science or technology in your particular field, you might be eligible for R&D tax relief or tax credits.

SME R&D tax relief gives you the chance to deduct 130% extra of the qualifying R&D costs from your yearly profit, on top of the normal 100% deduction. This means that for every £1 you spend on R&D you could deduct £2.30 from taxable profits.

Alternatively, if your business is loss-making the R&D tax credit allows businesses to claim a repayable tax credit at 14.5%, which can help with cashflow during periods of investment.

### **#3 Brand Building**

Consumers are often willing to pay more for “green” goods. Despite economic challenges, most people are dedicated to making the world a better place for future generations. What this means for your business is that embracing eco-friendly practices helps boost brand awareness. Your existing customers will stay happy and you are more likely to attract a new customer base.

Eco-conscious customers will seek out a like-minded business that values a clean environment as much as they do. Eco-conscious suppliers can sometimes do the same.

### **#4 Employee Retention**

Hiring and keeping top talent is crucial in making your company the top leader in your industry. To do this you must stand out among competitors to attract the best candidates.

One way of doing this is by embracing “green” initiatives. Just like most consumers these days, employees want to be environmentally responsible. Younger employees especially prefer to work for an organisation with the same vision and goals as them regarding environmental sustainability.

Even the smallest practices of your company, like using recycled paper towels or waste management and segregation, will impress an environmentally conscious applicant.

### **#5 Healthier Work Environment**

Ensuring your facility is a healthy and nurturing place shows how much you value your employees. Most offices have plenty of pollutants lying around, causing employees to call in sick more than usual or complaining about headaches. Poor ventilation, carpet fumes, and too much artificial light are just some factors affecting the health and motivation level of your employees.

Think of ways for your business to arrange your office in a way that is more inclined towards sustainability. Embracing sustainability is a huge undertaking that needs everyone’s hands on deck. With the right tools and dedication, you can ultimately achieve it and reap the multitude of rewards it delivers.

### **We’re here to help**

If you are interested in learning more about the benefits of “going green”, please don’t hesitate to get in touch with us – we’re here to help in any way we can.

