

JOURNAL ENTRY

Summer 2025

OUT OF OFFICE



Welcome to the latest edition of our in-house newsletter **Journal Entry**. The theme of this edition is **holidays**. Our articles include ideas on automation to help your business run smoothly in your absence, tax on holiday homes and dealing with debt on your return.

For many business owners, the opportunity to switch off during a holiday is sacred. After all, the demand of running a business requires us to balance work with periods of rest and recovery. But what if holidays could be more than just a breather? What if they hold the key to unlocking a fresh perspective on your business? Could you use your holiday to engage in strategic thinking without the pressure of deadlines and distractions?

Between meetings, phone calls, emails and daily fires to put out, business owners are often focused on short-term issues instead of long-term vision. Too often working "in" rather than "on" their business. Holidays interrupt this pattern and allow a time to reflect.

Getting a fresh perspective

Travelling is much more than just getting away from familiar surroundings. It can give us a fresh perspective on matters and be a catalyst for creativity. Visiting new places and experiencing different cultures can expand our business-related thinking.

Some of the best strategic ideas come not from brainstorming sessions but whilst we are relaxed. But if you don't catch them, they may slip away so jot them down and save them for your return.

Sometimes we need a gentle nudge toward strategic thinking without slipping into work

mode. We can do this by asking ourselves a big-picture question such as "if I was starting my business today what would I do differently?" or "what is the biggest barrier to growth in my business and how can I remove this?"

Time to let ideas develop

Using holidays for strategic thinking doesn't mean sacrificing rest and relaxation. You certainly do not want to be taking work material with you on holiday or be using up precious time with your family and friends. But you can strike a balance, giving yourself time to let ideas develop without the pressure of day-to-day tasks.

Your objective should not be to solve every business problem, more to see the vision for your business so that you return with fresh enthusiasm for your work.

Once your holiday ends, resist the temptation to pick up from where you left off. Better to build in some time to reflect on the ideas you covered whilst on holiday and arrange time to discuss these with your colleagues and advisors.

You don't need a strategic retreat away from the office to create space to develop fresh thinking for your business. A holiday which allows you to relax, recharge your batteries and refuel your vision for your business may be the most productive you can be.



ALAN MITCHELL
Managing Partner

ON TRACK WITH OUR FUNDRAISING

Team TC have been busy raising funds for our Charity of the Year Alzheimer Scotland. Our Race Night in June featured 8 races, plus auctions, a raffle and competitions that raised over £6,000. It was a brilliant evening and we are very grateful to everyone who supported the event.



£6,075
RAISED



Abseil down the Forth Rail Bridge

Next up on September 28 we have six brave souls gearing up to abseil down the Forth Rail Bridge... 165 feet! The team have set up a Just Giving page if anyone wishes to support them.

www.justgiving.com/page/thomson-cooper-accountants-tc-abseil-forthrailbridge



Forth Rail Bridge
Abseil

28th September 2025





SUN, SANGRIA, AND SELF-ASSESSMENT: UK tax on overseas property

In dreicher days, it is no surprise that many Scots dream of owning a holiday home in warmer climes. But before you purchase that idyllic villa for your getaways, it is worth considering the less sun-soaked side of overseas property ownership: tax. This article outlines the key UK tax considerations, using the example of a Spanish villa, and touches on the potential tax exposure in Spain.

Renting it out?

With the Brexit 90/180-day rule, there is a good chance the property will be vacant part of the year. If you decide to rent it, the rental income is subject to UK income tax if you are UK resident. The profits or losses are calculated similarly to a trade, with allowable deductions for expenses such as repairs, letting agent fees, and mortgage interest (subject to UK restrictions).

Importantly, profits and losses from an overseas property business are kept separate from those of a UK property business. We cannot offset losses from the Spanish villa against UK rental profits (and vice versa).

Don't Pay Tax Twice: Double Taxation Relief

Spain will **also** tax rental income from Spanish property. However, the rules ensure you are not taxed twice on the same income. You can claim a credit in the UK for Spanish tax paid on your rental profits, up to the amount of UK tax due on that income.

Selling Up

Upon an eventual sale of your Spanish villa, any gain is potentially subject to UK Capital Gains Tax ('CGT') if you are UK resident. The gain is calculated as the difference between the sale proceeds and the acquisition cost, with deductions for allowable costs such as legal fees and improvements. You may also be liable for Spanish CGT on the sale, but again, the UK-Spain treaty allows you to claim credit for Spanish tax paid against your UK CGT liability.

Declare or Despair (Reporting to HMRC)

UK residents must report the rental **and** disposal of overseas property on their Self-Assessment tax return. Non-UK residents are not generally taxed on overseas property gains, but must report and pay CGT on disposals of UK property.

Inheritance Tax (IHT)

Long-term UK resident individuals are subject to UK Inheritance Tax on their worldwide assets, including a Spanish villa. If you are not long-term UK resident, only UK assets are within the IHT net, although recent departees remain within the scope for up to 10 years. Spain also has its own inheritance tax system, with different rules, rates, and exemptions. The Spanish approach to forced heirship and succession law can also come as a surprise to Brits used to testamentary freedom.

Final Thoughts: The Dream Villa, with a Tax Footnote

Owning a Spanish villa can be a dream come true, but it is a dream with paperwork. From rental income to capital gains and inheritance planning, UK tax rules continue to apply, and the Spanish taxman has their bite of the paella too. Careful planning is needed to maximise reliefs and avoid pitfalls, especially if you intend to use the property as your main home or pass it on to heirs. Always seek professional advice to ensure compliance in both jurisdictions. With the right planning, you can enjoy your sangria and stay compliant.

If you need advice on overseas property tax, please email tax@thomsoncooper.com for a free initial consultation.

How to keep your business running when on holiday

You've been working hard all year and are now treating yourself to some well-earned rest and relaxation. However, can you ever truly relax and take time off when running your own business? How will the finances keep up to date whilst you chill by the pool or explore a new vibrant city?

This article will explain how some of the issues can be alleviated by your finances taking care of themselves in the background.

Automatically collect payments

By making use of a third-party app such as **Go Cardless** the stress of payment collection is removed, giving you peace of mind that invoices are being paid in your absence. The app works by collecting amounts through a direct debit mandate which your customer sets up. Once Go Cardless is in place, it will automatically collect the payment (improving cash flow as there is then no need to spend time chasing for payment), match against the relevant sales invoice and be ready to be reconciled in the bank feed. It will already be matched which reduces processing time.



One of the main, and perhaps biggest benefit of cloud-based software is that you can access it anywhere, so long as you have internet connectivity



Forward plan supplier payments

Receiving payments from customers is one thing but how do you stay on top of your own supplier payments whilst you are on holiday? One way in which this can be dealt with on **Xero** is by making use of the **Bill Payment** function which is powered by Crezco via the Open Banking Platform. Similar to setting up a bank feed, this is a one-time set up and you will be able to pay suppliers directly from your accounting software. You can actually set up a planned payment date, meaning you can set up payments prior to going on holiday!

Automated bank reconciliation with auto add rules

By making use of bank rule functionality this will give you peace of mind that bank reconciliation work will be minimal on your return, as the bulk of your transactions will be pre-coded.

QuickBooks Online (QBO) goes a step further with its feature "auto add". This

feature takes away the need of the user to do anything at all with a transaction that has been set up with rules. As soon as the bank feed pulls the transaction into QBO, QBO will scan for an applicable rule and if it matches to a rule, it will automatically reconcile the transaction on behalf of the user, giving full automation.

Make use of the cloud

If you really must access your accounting information whilst away on holiday, then fear not. One of the main, and perhaps biggest benefit of **cloud-based** software is that you can access it anywhere, so long as you have internet connectivity - unlike desktop based software. Therefore, you can gain access and complete tasks if required whilst being away.

If you would like to find out more information on how to get the most out of your accounting software please get in touch with Online Accounts Specialist - Arran Anders info@thomsoncooper.com



STEP CHALLENGE WINNERS

During May, some members of staff participated in a month-long team step challenge in order to encourage healthy habits, as part of our Healthy Working Lives activity. Thankfully, the weather behaved and they collectively managed to complete OVER 15 MILLION STEPS - the equivalent of 7,000 miles or from our Dunfermline office to Chile in South America! The winners, clocking up over 2.6 million steps were **"TC's boots are made for walking"**, comprising of (left to right) Jacqueline Whyte, Katrina Jamie, Aman Hanif, Mark Gibson, Stuart Rankine and Sophie Wilkinson.

Pension Protection

FINANCIAL SUNBLOCK: Diversification Protecting Your Pension

At this time of year our thoughts turn to summer holidays and ensuring we have suncream to protect our skin when we are at the beach.

Summer is also a good time to consider your pension, and as suncream shields your skin from harmful rays, adding financial protection shields your pension from damaging market and inflation risks.

What are the dangers?

The main factors which can damage the future growth of any pension are:

- Sudden market drops or corrections
- Inflation
- Rising interest rates
- Geopolitical or economic shocks
- Poor diversification

All of the above should be considered when reviewing a pension but let us consider how good diversification can help protect your portfolio.

Diversification

The concept is simple - it means spreading your investments across different:

- Assets - e.g. shares, bonds, cash and property
- Global regions like the US, UK and emerging markets

- Sectors like technology, healthcare and consumer goods

Basically, don't have 'all of your eggs in one basket'.

Why Diversification Works

Assets and sectors tend to perform differently depending on market conditions. By owning a variety of assets, you are less likely to suffer severe losses if one part of your portfolio performs poorly. Just like suncream protects your skin from harmful rays, **diversification** protects your investments from market risks. By diversifying, you limit how much any one risky asset can "burn" your portfolio.

Reduces but doesn't eliminate risk

- **Suncream:** Lowers the risk of burning, but you can still get burned if exposure is extreme or if you don't apply enough.
- **Diversification:** Reduces specific risks but can't protect you from all market risks like global recessions or crises.

Works best when applied properly

- **Suncream:** You need the right SPF for your skin and sun conditions, and you must apply it thoroughly and reapply over time.
- **Diversification:** An effective diversification strategy aligns with your risk profile and objectives - and must be rebalanced regularly to stay on track.

Helps you to stay invested longer

- **Suncream:** Lets you enjoy the outdoors safely without worry.
- **Diversification:** Lets you stay invested through market ups and downs, allowing your money to grow over time with less stress.

Diversification won't block all risks, but it acts as a protective layer - reducing the impact of harsh market conditions and helping you stay invested long enough to benefit from long-term growth.

If you would like further information or a review of your retirement portfolio, please contact us at info@thomsoncooper.com.

The information contained within this article is for information only purposes and does not constitute financial advice or recommendations. Thomson Cooper cannot assume legal liability for any errors or omissions it might contain. A pension is a long-term investment not normally accessible until 55 (57 from April 2028). The value of your investments (and any income from them) can go down as well as up.



...adding financial protection shields your pension from damaging market and inflation risks



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HOLIDAY HEADACHE: Dealing with Debt on Your Return

Sun, sea... and a scary credit card bill? Here's how to sort it.

You've just returned from a much-needed holiday. You've got a tan, a selection of fridge magnets, and a bank balance that's looking like it went on a separate break... to somewhere far more exotic and expensive.

If you're feeling that post-holiday glow quickly giving way to post-holiday woe, you're not alone. Many of us return from a week or two in the sun only to be greeted by the grim reality of overspending – flights, accommodation, meals out, "bargains" from local markets, and enough cocktails to float a cruise ship!

Step one: Don't panic

First, breathe. You can't fix everything overnight, and stressing about it won't help. Get all your debts down on paper – credit cards, overdrafts, loans – and be honest with yourself. What do you owe, who to, and what are the minimum payments?

Step two: Budget, budget, budget

Now's the time to tighten the belt – set a realistic budget for the next few months, cut back on non-essentials, and redirect money toward those pressing balances.

Step three: Don't go it alone

If the debt feels like it's drowning you faster than a wave at the beach, don't suffer in silence. Scotland has some excellent personal insolvency options designed to help, not shame.

- **DAS (Debt Arrangement Scheme):** Freeze interest and charges, protect your assets and pay off what you owe over time in a manageable way. It's like a payment plan... but with sunscreen for your finances.
- **Trust Deed:** Write off some debt with a formal insolvency arrangement – you pay what you can over four years, then the rest is cleared.

- **Sequestration:** Scotland's version of bankruptcy – it sounds scary but can offer a clean break when all else fails.

Each option has pros, cons and consequences, but they're all legal, regulated and offer a fresh start.

A Final thought:

Debt doesn't mean disaster. It means you're human – and maybe a little too generous with your rounds at the beach bar. The important thing is to act early, get advice, and take back control before things spiral.

At TC Debt Solutions our approved money advisers can help you find the right way forward – no judgment, no jargon, just clear guidance and support.

So, shake off the sand, pack away the holiday blues, and step into your financial comeback with confidence! Email advice@tcdebtsolutions.com or call **0800 046 3328**.

“

**The journey, not the
arrival, matters.**

T.S. Eliot

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