

HaysMac's Hospitality News

Welcome to the first edition of HaysMac's Hospitality News, bringing you the latest legislation updates from across the sector, as well as a roundup of some of our most exciting deals from the past few months!



Understanding VAT Rules on Deposits

One of the most common questions we get asked from our hospitality clients (or alternatively one of the more common areas we find errors in the sector) is around the VAT treatment of deposits. VAT must be accounted for when a deposit is received or a VAT invoice is issued, whichever comes first. Different deposits have different VAT treatments, so accuracy is crucial. Incorrect VAT accounting can lead to HMRC assessing under-declared VAT, potentially with penalties and interest. Read more [here](#) or contact [Dougie Todd](#), Partner and Co-Head of VAT, for advice or support.

Pension Salary Exchange – easing the NIC burden

Starting 6 April 2025, the employer's NIC rate will rise from 13.8% to 15%, and the Class 1 NIC threshold will drop to £5,000. This will impact the hospitality industry, but pension salary exchange can help. Employees give up part of their salary, and employers pay their pension contributions, reducing the NIC bill by 15%. However, employees' hourly rates must not fall below the National Minimum or Living Wage. Read more [here](#) or contact [Nick Bustin](#), Employment Tax Director, for advice or support.



Lease accounting under FRS102 is changing...have you considered the impact?

Amendments to FRS102, effective from 1 January 2026, will impact the hospitality industry, especially regarding lease accounting. Leasehold properties and other leased assets will see significant changes in both the Balance Sheet and Income Statement. Lease expenses will now be split into depreciation and interest. Although 2026 seems distant, the time needed to adjust should not be underestimated. Read more [here](#) or contact [Isabelle Shepherd](#), Hospitality Director, for advice or support.

Deals Roundup

- HaysMac acted on the sale of City Apartments to Ando Living, consisting of eight London properties – November 2024
- HaysMac provided financial and tax advice to CDL Hospitality Trust on its purchase of the Hotel Indigo Exeter – November 2024
- HaysMac provided financial and tax advice to Castleforge on their sale of the Bruntsfield Hotel, Edinburgh to Dutco Group – December 2024

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Isabelle Shepherd
Director
T +44 20 7969 5534
E ishepherd@haysmacintyre.com

10 Queen Street Place
London EC4R 1AG

T 020 7969 5500
E marketing@haysmac.com

haysmac.com

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