

A R Lee & Co *newsletter*

Clarence Street Chambers
32 Clarence Street
Southend-on-Sea
Essex
SS1 1BD



By the time you receive this latest edition of our regular half-yearly newsletter, the outcome of the Scottish referendum will finally be known, although as we write the outcome is too close to call. Whatever happens, things will not be the same but, hopefully, the current volatility in the financial markets will have least settled down.



Whilst the UK economy continues to show clear signs of improvement, particularly within the construction industry, ongoing political uncertainty both at home and abroad continues to threaten stability. The heat has also gone out of the housing market for the present time, but mainly as a result of the new and far more stringent mortgage lending rules, which are having a profound effect on the market.

Closer to home, we continue to attract many new clients to the firm and, for our size, we are able to punch quite a bit above our weight.

Our two partners continue to receive excellent support from our long serving staff and we are pleased to report that Jenny Fulford has recently been promoted to Associate status in recognition of the importance of her role within the firm. We also continue to be very well supported by Anneka Tullio, Laura Jones and Yvette Hawker, all of whom have been with our firm for many years.

Do let us know if you require any further help or advice in relation to any of the topical matters referred to in this newsletter and we will be pleased to assist you.



From left..... Anneka, Yvette, Jenny & Laura

Directors: Andrew Lee FCCA
Robert Woodcock FCCA
Associate: Jenny Fulford FCCA
WEB: www.arlee.co.uk
EMAIL: office@arlee.co.uk
TEL: 01702 333204
FAX: 01702 333205

Property Corner

Death of Caveat Emptor or 'Buyer Beware'

House sellers and agents are now required to inform all potential buyers of any information that may affect the value of their house, including structural defects, previous sales that have fallen through and problematic neighbours.

Previously, the onus was on the buyer to discover any potential problems and while the Property Misdescriptions Act prevented any incorrect or misleading statements, it did not cover the omission of important information which may have affected the purchase.

As a result of regulatory changes, property sales are now covered by the Consumer Protection from Unfair Trading Regulations which require sellers and their agents to disclose anything that would affect the buyer's decision. Potential penalties for failing to do so extend to up to 2 years in prison!

CGT Relief - Final Period of Ownership Exemption

Until 5 April 2014, the final 36 months of ownership of a property was treated as exempt for CGT, provided the property had been occupied as the owner's principal private residence at any time during the period of ownership. This has now been reduced to only 18 months, except for some disabled or elderly people who move into care homes. This change will particularly affect anyone who owns more than one residence at the same time for a period of more than 18 months.

Buy to Let - Tax Relief for Replacement of White Goods

In our September 2013 newsletter, we highlighted changes to the rules for unfurnished property landlords which have recently been clarified by H M Revenue & Customs. Such landlords can still claim relief for replacement appliances, but only if they are built-in a fitted kitchen and not if they are merely free-standing. Unfurnished property landlords can also claim relief for capital items which have a relatively short useful life and are of low value and have to be replaced regularly, i.e. annually. H M Revenue & Customs quote rugs as an example, and shower curtains might be another. This only applies to unfurnished properties, as fully furnished property landlords can only claim the fixed 10% Wear & Tear Allowance which already covers these items.



Residential Lease Extensions

If you own a residential property under a long lease e.g. a flat, then under the Leasehold Reform Housing and Urban Re-Development Act 1992 you are entitled to have the term of your lease extended by 90 years with only a peppercorn ground rent. However, it is important you apply for the extension before the remaining term of your lease falls below 80 years. Once the remaining term falls below 80 years, the freeholder is entitled to charge a premium equal to 50% of any additional value in the property which would result from merging the old and the new leases.

SDLT (Stamp Duty Land Tax) - Private Residences over half a hectare

If you are buying or selling a private residence with land that extends beyond half a hectare, then you may be interested to know that it is possible for the price to be split and for the lower commercial rate of SDLT to be charged on the land over half a hectare. This has only recently been appreciated and is already giving rise to potential negligence claims against professional advisors!

Employment News

RTI (Real Time Information) Penalties

The Government has delayed again the introduction of penalties for late notifications under RTI from October 2014 to April 2015 for employers with less than 50 staff, some of whom are still struggling to deal with the new reporting requirements.

Extension to Flexible Working Rights

The right to request flexible working has been extended to all employees with at least 26 weeks' service with effect from 30 June 2014. Employers are required to consider such requests in a 'reasonable manner', but do not have to accept the request if they have a legitimate reason. Further guidance is available via the ACAS website.

Holiday Pay Law

In the UK, holiday pay is currently calculated on the basis of a 'week's pay' which is based on basic pay and excludes any other payments such as overtime, commission or bonus. However, a recent European Court of Justice judgement redefined holiday pay to include an allowance for commission. This may lead to backdated claims for holiday pay arrears.

Further cases on commission and overtime are currently in progress and the CBI have called on the Government to limit any retrospective liabilities that may arise, as these may well be very considerable.

Increase in National Minimum Wage (NMW)

With effect from 1 October 2014, the new NMW rates will be:

Adult rate	- £6.50 an hour (+3%)
18-20 year olds	- £5.13 an hour (+2%)
16-17 year olds	- £3.79 an hour (+2%)
Apprentice rate	- £2.73 an hour (+2%)

Zero Hours Contracts

Whilst not banning zero hours contracts altogether, the Government proposes to make exclusivity clauses in such contracts invalid and un-enforceable, so that no one is tied to such a contract without any guarantee of paid work.



Help for Businesses

Southend Borough Council has recently launched a new project to help local businesses to grow in order to create new jobs. As part of the Southend Business Growth Hub they will be offering different funding opportunities and support to those who:

- wish to start a business
- want to expand a business
- are interested in grants available
- seek funding for apprenticeships
- want to utilise the innovation voucher scheme

To find out more, see www.businesssouthend.co.uk

This and That

Distance Selling Regulations

With effect from 13 June 2014, new regulations came into force which replace previous Distance Selling and Off-Premises regulations.

These provide that:

- Cancellation rights are now increased to 14 days with goods to be returned and refunds to be made within 14 days of cancellation.
- Delivery must be made within 30 days with risk passing on delivery.



- Additional payments must be expressly, individually authorised.
- Helplines and contact numbers must be ordinary numbers and not premium rate numbers.

Some businesses are exempt from these regulations.

For further information, a copy of the Department for Business, Innovation & Skills' Implementing Guide can be viewed at:

www.bit.ly/1kg6J5c.

Pensions Changes Ahead

The Government expects to introduce substantial changes to pension regulations from April next year which include:

- More flexibility for members of defined contribution schemes and the right to transfer.
- Greater freedom in the payment of both lump sums and annuities.
- Increasing the minimum age for accessing a pension from 55 to 57 in 2028.
- The right to receive free and impartial guidance on retirement.

Anyone who is close to their chosen retirement age should seek appropriate advice from a qualified pensions advisor, as they may wish to consider deferring receiving benefit from their scheme until after 5 April 2015.

Advisory fuel rates for business mileage

The latest rates available apply from 1 September 2014 and are reviewed every three months.

See www.hmrc.gov.uk (advisory fuel rates) for updated details:

Engine size	Petrol	Diesel	LPG
1400cc or less	14p		9p
1401cc – 2000cc	16p		11p
Over 2000cc	24p		16p
1600cc or less		12p	
1601cc – 2000cc		13p	
Over 2000cc		17p	