

A R Lee & Co

CHARTERED CERTIFIED ACCOUNTANTS & REGISTERED AUDITORS

News from The Street

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Clarence Street Chambers

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Well, at least we now know the outcome of the Emergency Budget in June and how much it is going to cost us all in the years to come. Whilst we can see some early signs of recovery in the economy from the work that we do, it will be interesting to see if this can be sustained, particularly when the increase in VAT takes effect at the beginning of next year.



It is refreshing to see the threat of cut-backs falling on the public sector who seem to believe they should be immune from the effects of the recession. All of us who work in the private sector have

borne the brunt of the downturn for the past two years or more and it is time this was shared more fairly across the whole of the country.

The banks are now talking more positively and are all looking to do new business, although they are being quite selective about who they are prepared to lend to, but it is encouraging their bad debts this year are much lower than they had expected.



However, many clients' appetite to borrow or to take any kind of risk remains very low and the confidence to make long-term investment decisions is yet to return.



As a firm, we remain busy and we have a great team within the office. We are always looking for new clients and if you have any friends or family who are in business, then please do recommend us to them.

We are always happy to talk to any potential new client about what we can do to help them and their business.

EMPLOYMENT UPDATE

New Legislation

- ⇒ April 2010 saw the introduction of the new Additional Paternity Leave and Pay Regulations which will come fully into force in April 2011, with complex new provisions for men to extend their maternity leave and pay entitlements.
- ⇒ April 2010 also saw the start of the phased implementation of employees' right to request time off for training which will cover all businesses by 2011. Whilst the employer is not obliged to grant the request, the business must follow a proper procedure in doing so.
- ⇒ October 2011 will see the implementation of the new Equality Bill which consolidates all existing discrimination legislation which widens the definition of disability and abolishes pre-employment medical checks.
- ⇒ October 2011 will bring the implementation of the Agency Workers rules which will give temporary workers the same rights and entitlements as permanent staff once they have worked for 12 weeks.

Employment law, regulations and procedures have now become so complex it is essential that all employers have access to specialist advice. We would therefore remind members of our Fee Protection Scheme they have free and unlimited access to an employment advice helpline, as well as a similar service for commercial law and health & safety advice.

National Minimum Wage Rates

From October 2010, the NMW rates will increase from:

- ◆ £5.80 to £5.93 an hour for workers aged 21 and over
- ◆ £4.83 to £4.92 an hour for workers aged 18 to 20
- ◆ £3.57 to £3.64 an hour for workers aged 16 to 17

The NMW now applies from age 21 (previously 22) and an apprentice minimum wage rate of £2.50 an hour has also been set.

Latest Fuel Rates

New rates for both Income Tax and VAT were announced from 1 June 2010:

Engine size	Petrol	Diesel	LPG
1400 cc or less	12p	11p	8p
1401 cc – 2000 cc	15p	11p	10p
Over 2000 cc	21p	16p	14p

HMRC ACTIVITY – ‘DASH FOR CASH’

Our Fee Protection Scheme insurers, Abbey Tax, advise us that Inspectors of Taxes have been tasked to bring in as much money as possible and as quickly as possible. They are under pressure to settle long running enquiry cases and to take up more aspect enquiries, as these are likely to be settled more quickly.



Abbey Tax is currently receiving twice as many claims as they were last year and so Revenue enquiries are clearly increasing. At the same time, the Revenue is taking advantage of their new investigation powers and increased penalty provisions.

It is now more important than ever that all clients maintain their business records to the very highest standards, as any errors are likely to be penalised quite heavily if discovered by the Revenue.

Please do let us know if you would like to discuss any aspect of your record keeping and we will be pleased to advise you.

Emergency Budget

The new coalition Government held their first Budget on 22 June 2010 and the key changes for small and medium sized businesses were:



VAT

An increase in the standard rate of VAT to 20% from 4 January 2011. The turnover limit for the Flat Rate Scheme remains at £150,000, but the rates will change on 4 January 2011.

Corporation Tax

Current rates and limits to remain, but again with the promise of reductions in the rate of tax from next year.

Tax Credits

No change for the current year, but big reductions in the income limits from next April and further changes from April 2012.

Income Tax

Current rates and limits to remain unchanged, but with the promise of a higher personal allowance of £7,475 from next year for standard rate taxpayers who are under 65.

Capital Allowances

Relief for capital expenditure is to be reduced from April 2012.

Capital Gains Tax

A new rate of 28% for higher rate taxpayers and trusts and estates. The limit for Entrepreneurs' Relief which results in gains being taxed at a lower rate of 10% has been increased from £2 million to £5 million.

Inheritance Tax

No change in the nil rate band of £325,000 and the 40% rate of tax.

Pension Relief

Planned new rules to remove higher rate relief on the pension contributions of those earning more than £130,000 are to be reviewed and the obligation to purchase an annuity by age 75 will be changed to 77 from April 2011.

National Insurance

The existing rates remain unchanged, but will increase by 1% from April 2011.

SAGE SOFTWARE

Sage are no longer supporting version 10 or below of their software. If you are still running these versions, then it is important that you upgrade to the latest version which we can supply to you at a discounted cost. Please call us for a quote.

CARE HOME COSTS & ENDURING POWERS OF ATTORNEY

We are working with a local firm of Solicitors who are prepared to represent clients on a 'no win - no fee' basis against local authorities who have refused to cover their relative's care home fees provided they have a genuine medical need for care. Such claims can be back-dated in some circumstances. They are also able to assist with the creation of an enduring power of attorney at a very reasonable cost. We will be happy to provide their contact details upon request.

KEEPING IN TOUCH



There are literally millions of pounds lying unclaimed in insurance plans, pensions and other investments, simply because people fail to let companies know they have moved.

The Government has plans to extend existing legislation to reinvest such unclaimed amounts in the community and it is therefore very important that if you move you let all the companies you hold investments with know.

TIME CHEQUES CAREFULLY

Since 1 April 2010, HMRC has been treating all VAT cheques by post as being received on the date when they clear and not when they are actually received. Cheques which are not cleared by the due date may render the taxpayer liable to a surcharge. This is just another way in which HMRC is encouraging taxpayers to pay by electronic means.



And finally.....

Some of us still remember the good old days when we corresponded with the local tax office rather than telephoned a national call centre. These are a few extracts from purportedly genuine letters to HMRC that were originally published in the Daily Mail:

- * 'Please send me a claim form as I have had a baby. I had one before, but it got dirty and I burnt it.'
- * From a poultry keeper: 'I hereby appeal on the grounds that your estimate is based on chickens counted before they hatched.'
- * 'Please correct this assessment. I have not worked for the past three months as I have broken my leg. Hoping you will do the same.'
- * I have to inform you that my mother-in-law passed away after receiving your form on 22 November. Thank you.'