

Some of the services that we can offer:

Accounts Preparation

Audits

Bookkeeping & VAT Returns

Business Plans

Cash Flow Forecasts

Charity Accounts

Company Formation

Computer Services and Training

Enterprise Finance Guarantee

Forensic Accounting

Management Buy Outs / Buy Ins

Payroll

Tax Planning

Taxation



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Prepare for Government

A week is a long time in politics, but the one certainty for 2010 is that there will be some significant changes in taxation. Labour has already set out its stall in last March's budget and the more recent pre-budget report with tax rises for higher earners. It is likely that if they were returned to power they would have a mandate for a post election budget to continue in the same vein.

pledged to cut taxes to 20% for small companies and 25% for large companies. The unknown quantity is what would happen with a hung parliament. Whatever happens, rest assured that Young & Co will be here to offer the best advice on how you can minimise your tax liabilities.

The signs are that a Conservative government would not back track on the personal taxation increases already announced, but they have

This issue includes some ideas, but as always, please speak to us for more tailored advice regarding your own affairs.

A Warm Welcome

We are delighted to welcome two new recruits to the ever expanding ranks of Young & Co. Nick Rawlings and Andy Furniss joined us as Senior Manager and Manager respectively on 1 March and are working as part of partner Simon Moody's team.

of a national firm. Andy's experience is mainly in audit and corporate work.

Nick has gained a very wide experience in both practice and industry over many years. He joined us from a practice in Cheltenham, but started his accounting life in Ledbury and is returning to home ground.

Andy is a talented young man. Having become a barrister, he changed tack and qualified as a Chartered Accountant at the Hereford office



Nick Rawlings FCCA



Andy Furniss ACA

Take the Money and Run: Early Dividends

From 6 April 2010 there will be a new top rate of tax of 50% plus the phased withdrawal of the personal allowance for those earning more than £100,000 per year.

Normally our advice is to try and defer income as far as possible, but for clients who will be affected by the tax increases, it may be worthwhile trying to advance income from next tax year into this current one.

The taxpayers who can most easily benefit from this type of planning are owner managers of limited companies who normally take dividends from their companies each year.



If your total personal income is normally in excess of £100,000 then you may be able to save tax by bringing dividend payments forward to before 5 April 2010.

The Revenue will be strict on the timing of such payments, so the best course of action is either an actual payment to you of the dividend before 5 April or a minute of a shareholders meeting approving the dividend before 5 April and creating a loan account due to you.

In either case you need to contact us to:

- 1) confirm that the dividend is the best course of action for tax planning purposes,
- 2) make sure that the company has sufficient reserves to pay a dividend,
- 3) make sure that the paperwork is correctly prepared.

If you are not sure or would like further advice, please call us.

VAT's Not So Hard

From 1 April 2010 all VAT registered businesses with a turnover of £100,000 or more (excluding VAT) and all businesses newly registering for VAT, whatever their turnover, must file their VAT returns online and pay electronically.

Filing returns on paper will still be an option for the remaining VAT registered businesses, but this is under review.

Many businesses will find the transition straightforward and there is plenty of guidance available at www.hmrc.gov.uk on how to register. However, some clients have expressed concerns at the new system. We already file online most of the VAT returns that we prepare for clients and have found the system to work well. We are therefore able to offer a filing only service for clients which will carry only a modest cost in terms of our fees.

The main benefit for businesses filing online is the later payment date for the VAT that is due. If you pay the Revenue by online banking or BACS then the funds have to be in their bank 7 days after the return due date. If you set up a direct debit then the funds don't leave your account until at least 10 days after the return date. That means that for a March 2010 return you keep the VAT until 10 May.

We can advise on all aspects of VAT. Your business may be able to benefit from one of the schemes that the Revenue offers, such as the Flat Rate Scheme, cash accounting and annual VAT returns.

There may also be more specific ways to save or at least defer VAT liabilities.

Please speak to your usual contact if you would like to know more.

Making the Sacrifice

With an increasing top rate of tax and looming increases in National Insurance rates, more and more employers are offering salary sacrifice schemes to directors and employees.

These schemes are quite legal if set up correctly and can help to save National Insurance as well as tax.

Broadly they work by the employee or director giving up part of their salary (the "sacrifice") whilst the employer takes over making payments on behalf of the worker.

The main use of such schemes is with pension contributions because they are extremely tax efficient, but there are other schemes available such as nursery vouchers, cars and bicycles.

If you would like to find out more, please give us a call.

Beat the Deadline

Time is running out to make the most of your allowances for the current tax year.

As far as most allowances are concerned, it is use them or lose them. Some of the things to consider are:

- Annual ISA investment allowances. Under 50's can invest up to £7,200: Over 50's can invest up to £10,200. Income and Capital Gains are tax free;
- You can make gifts of up to £3,000 per year free of Inheritance Tax;



- Personal pension contributions, especially for higher rate tax payers to save tax at 40%;
- The annual exempt amount for Capital Gains is £10,100. Investors with shares or other assets may want to crystallise some gains each year to use their tax free allowance.

To find out more about these and other allowances, or to discuss more detailed year end planning, please contact us.

Better Safe than Sorry

Over the past few years we have found that more and more business people are struggling to cope with an increasing tide of red tape especially when it comes to employing staff and dealing with the related health and safety matters.

The penalties when it comes to getting it wrong as far as employment law or health and safety in the workplace are concerned can be severe and in extreme cases can threaten the future of the business.

In order to make sure that they are fulfilling all their obligations and are not opening themselves up to potential liabilities, many businesses are opting to get outside help.

Peninsula Business Services are the UK's largest Employment Law and Health and Safety consultancy and provide advice to more than 23,000 UK businesses.

Their Advice Service is staffed by consultants 24 hours a day, 365 days a year who are there to help advise employers on

issue involved in employing people and to ensure they avoid costly Employment Tribunals. Leaving nothing to chance, they offer indemnity insurance covering any costs that employers incur from Tribunal claims made against them.

They also provide an experienced Tribunal representation team to defend you and your business, minimising the impact of a claim on your business.

To find out more about Peninsula please give us a call and we will put you in touch with their local Senior Business Advisor, Nick Badman.



CASH DEPOSITS

Many people are struggling to find decent savings rates at the moment . We are able to introduce you to a local Independent Financial Adviser who is able to obtain better rates than many high street savings accounts, often with institutions that can offer more security for your deposits. These products are open to individuals and companies.

PENSION AUDITS

We are able to introduce you to a local Independent Financial Adviser who will give you a free pension audit, providing you with an in depth report into what you have got, what it is worth and what options are open to you to get the maximum value. They are also able to offer advice to individuals on a new low cost SIPP and to businesses on using salary sacrifice to make the most of pension contributions.

For more information please call your usual contact.

Guide to tax rates and allowances



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	<u>Tax year 2009/10</u>	<u>Tax year 2010/11</u>
Personal allowance	£6,475	£6,475
Older persons personal allowance (65-74)	£9,490	£9,490
Older persons personal allowance (75 and over)	£9,640	£9,640
Married Couples allowance (born before 6 April 1935 and under 75)	N/A	N/A
Married Couples allowance (born before 6 April 1935 and over 75)	£6,965	£6,965

NB: From 6 April 2010 personal allowances will be withdrawn for those with incomes between £100,000 and £112,950

Income tax rates:

10% (for savings income only)	£0 - £2,440	£0 - £2,440
20% (for non-savings income)	£0 - £37,400	£0 - £37,400
40%	Over £37,400	£37,401-£150,000
50%	N/A	Over £150,000

National Insurance rates:

Employee's contributions at 11% on earnings over	£110 per week	£110 per week
Employee's contributions at 1% on earnings over	£844 per week	£844 per week
Employer's contributions at 12.8% on earnings over	£110 per week	£110 per week
Class 2 contributions for self-employed	£2.40 per week	£2.40 per week
Class 4 contributions for self-employed at 8% on profits	£5,715 - £43,875	£5,715 - £43,875
Class 4 contributions for self-employed at 1% on profits over	£43,875	£43,875

Company Tax rates:

Small companies - profits up to £300,000	21%	21%
Marginal rate - profits between £300,001 and £1,500,000	29.75%	29.75%
Large companies - profits over £1,500,000	28%	28%

VAT registration threshold	£68,000	£68,000
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Capital Gains Tax annual exempt amount	£10,100	£10,100
Capital Gains Tax rate	18%	18%

Inheritance Tax nil rate band	£325,000	£325,000
Inheritance Tax rate	40%	40%



Young & Co

Chartered Accountants
and Registered Auditors

The information within this document is based on the Pre-Budget report of 9th December 2009, the Finance Act of 2009 and other H M Revenue & Customs releases.

This document has been prepared as a guide to topics of current financial and business interest. We strongly recommend that you take professional advice before making decisions on matters discussed here.

No responsibility for any loss to any person acting as a result of this document can be accepted by us.

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