

Summer Newsletter

July 2009

Altorian



Chartered Accountants and Business Advisers

Newsletter highlights

- Paper VAT returns
- Small vans included in car scrappage scheme
- Duty to notify HMRC
- Payments on account
- Tax credits
- Surviving the down turn

The end of the paper VAT return

HMRC plan to phase out paper VAT returns. With effect from 1 April 2010 all businesses with a turnover of £100,000 or more and all newly registered businesses irrespective of turnover will be required to submit VAT returns on-line and make payments electronically. The use of paper returns for all businesses will be reviewed sometime before 2012.

Remember, once your turnover exceeds £68,000 for the past 12 months you must register for VAT within 30 days. The good news is that the VAT office now aims to issue a VAT number to 70% of businesses within 13 working days of receiving the application for VAT.

If your turnover is near the limit you will need to keep track of your sales on a rolling basis, month by month, to check you don't breach the threshold. If your sales are over the threshold you must register immediately and of course there are penalties for failing to register.

There are several types of VAT schemes available, particularly to smaller business, including the flat rate scheme and cash accounting which could significantly affect the cashflow of your business. Please contact us if you need any help with the decision to register for VAT.

Car scrappage scheme also includes small vans

Did you know that the car scrappage scheme, which was introduced on 18 May 2009, also applies to small vans up to a weight of 3,500kgs. So now may be the time to trade in your 10 year old van for a new one.

If you are buying the van for your business, this means that not only will you get a reduction off the purchase price but, using the annual investment allowance (AIA), you will also be able to deduct 100% of the net cost against your business profits for the year, therefore reducing your tax bill. Bear in mind though that there is a limit of £50,000 for AIA, therefore think carefully about spreading significant capital expenditure.

Do you earn money in your spare time?

During these financially testing time people are looking for other sources of income beyond their 9 to 5 job. If you are thinking about setting up in business, for example setting up a business on the web, then you will need to inform your tax office. This will not affect your employment income as your employer need not know about your self employment income.

You will however need to complete a Tax Return each year to declare all your income sources.

One thing to remember though is that by registering as self employed you will automatically register for class 2 NI in respect of your self employment profits. If these profits do not exceed £5,075 (for the 2009/10 tax year) you should complete a form CF10 which is a request for exemption from paying class 2 NI.

Don't forget...

If you are a sole trader or partnership don't forget that your payment on account is due to HMRC by 31 July 2009. You should have already received a notice from them requesting payment but if you haven't or are unsure what you need to do, please give us a call and we'll point you in the right direction.

Who we are:

Providing a friendly yet professional service catering for all your accounting and tax requirements.

Finding solutions and providing cost effective, on-going proactive support for your business.

Accountancy

Tax

Payroll

Outsourced accounting

Company secretarial

Interim Financial management

Give us a call to arrange a free initial consultation

Phone: 01473 327631 or

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Tax credits—renewal deadline 31 July and protective claims

You should by now have received a renewal pack and this must be completed and returned by the deadline to ensure that you continue to receive any tax credits to which you are entitled. Don't forget that you must inform HMRC of any change in your circumstances straight away.

As tax credits are only backdated by 3 months you should also make a protective claim if there is **any** possibility that your circumstances might change, particularly in this unstable climate, in the coming year which would make you entitled to tax credits. If you have children and pay for childcare there may be substantial tax credits available.

Often families don't realise it, but they may be entitled to tax credit even with an annual household income of up to £50,000 in some cases.

It may seem illogical to be claiming for a benefit which you don't currently qualify for but unless you make a protective claim you could lose out on benefits available to you.

Surviving the downturn

Hopefully, your business is flourishing at the moment, but if things are getting tough ignoring the situation is not a sensible option and perhaps you could do with a helping hand.

Draw up a list of strategies rather than a vague agenda and you stand a better chance of coming out the other side relatively unscathed.

1. Manage risk and uncertainty
2. Cash is king — think cash
3. Profit improvement
4. Secure your funding
5. Review your structure and cost base
6. Plan ahead
7. Seek advice and support early



Seek help before it's too late!

We will be pleased to talk through a plan for you and your business with the first hour free of charge.

Bits and pieces....

Inheritance tax—survivorship clauses in wills

The introduction of the transferrable nil-rate band can make survivorship clauses less tax efficient in some circumstances. You should review your will and your estate to see if any amendments should be made to your will.

HMRC—PAYE services

HMRC are in the process of changing the way they process PAYE records. A major IT upgrade is taking place so that all PAYE records will be available on one computer system. Once completed, this should mean that PAYE codings are more accurate, especially for tax payers with more than one employment or pension.

Employer provided medical check-ups

Annual health screening and medical checks provided by employers to employees will be exempt from tax and NICs. New legislation will have effect from 6 April 2009 and the benefit does not have to be available on similar terms to all employees.

For more information on any of the articles included in this newsletter, please give us a call.

“Cash is king!”

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