

# CI Accountancy Ltd

## Newsletter

### April 2009

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This year the traditional date for the Budget has been delayed for a month until 22 April. At the date of preparing this newsletter we are still "in the dark" regarding any changes Chancellor Darling will make to our tax position for 2009-10.

This month we have included information on PAYE code changes, changes to the National Minimum Wage penalty regime, the new penalties if you fail to register your liability to pay self employed National Insurance, and an update on medical check-ups provided by employers.

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### Client of the Month – April – The Creation Group – PR Marketing & Strategy

Most businesses are on the lookout for **new and innovative ways** to market themselves and improve their bottom line.

Like our clients – which include Collectables and their subsidiary brands, Collections boutique and Mandale Fine Furniture, AYP Financial, The Managing Excellence Group, and Newcastle Education Business Partnership – your business can benefit from a **strategic PR and marketing campaign** to raise awareness of your product and services, exploit your full marketing potential and build your brand.

You might also benefit from our **expert editing or copywriting** services on a pay-as-you-go basis, or our experienced PR professionals and journalists **can train you** to utilise more of your own internal marketing capability. Alternatively, it may be suitable for us to spend a day, or two days, with you to set you on your own path, with the benefit of ongoing support as and when you need it.

**An example: In the three years since we started work with one of our clients, our regional PR strategy has netted them in excess of £700,000-worth of PR exposure in the North East press – more than 12 times what we have charged them for our work.** They agree that this represents excellent value for money, and makes a major contribution to their bottom line. The Creation Group is run by award-winning journalists and PR professionals who work with you to develop your business through all of the above strategies, plus brand building, promotional and e-marketing, website development, advertising and media strategy and more. We are also on the Business Link approved service provider register.

**Creative, bespoke services just when you need them most. Isn't it time to reveal your potential?**

**Scott Douglas, owner, Holyrood Partnership, says:** "Top-notch professionals with superb media contacts, outstanding creative abilities and the kind of people skills money can't buy. Highly recommended for any work in communications, public relations, marketing and media buying."

The Creation Group has been a client of CI Accountancy for over a year. Creation Group owner, Jane Pikett, says: "The support, friendly advice and professional expertise of all at CI Accountancy have made an enormous difference to my business. Chris and Gary have also volunteered their professional services for No Strings, the aid organisation I chair, and their generous support is hugely appreciated by all of us involved in the charity."

**Interested?** For a free, no-obligation meeting with our experienced PR executives to allow us – and you – to properly assess your needs and how best to maximise your budget, **contact us via our website at [www.thecreationgroup.co.uk](http://www.thecreationgroup.co.uk) or by telephone on 01434 607466**

## **Meet the C I Accountancy Team – Diane Makepeace – Administration Assistant**

Diane joined the C I Accountancy team in October 2008 and works part time assisting other team members with bookkeeping.

Prior to joining C I Accountancy, Diane was employed by Tynedale Council for 14 years. Here, she worked up through the ranks from an Administration Assistant to a Finance Officer. In these roles Diane gained a great deal of experience in many areas of financial work including budget monitoring, raising orders all aspects of invoicing, these are all valuable skills which Diane has brought with her to C I Accountancy. Diane welcomed the chance offered by C I Accountancy to take on a new challenge and develop her bookkeeping skills.

Diane lives just outside Hexham on a dairy farm which gives her very little spare time; when she has any she takes part in a photography course and also enjoys spending time with her family, especially her little boy Kai who is 3.

## **Credit Crunch Busting Tips with Mr Miser**

### **A new approach to drinking water**

Many businesses have installed water coolers with an ongoing contract for bottle delivery. The following figures are based on premises where on average 10 people use the system.

The annual cost is approximately £821. The equivalent amount of tap water costs £2.80.

However, you're used to filtered, chilled water, and in some places mains water can taste unpleasant by comparison. Look at mains fed filter systems. They cost between £300 and £500 per annum to maintain and clean so you have potential savings with 10 people using of £300 - £500 per annum. Apportion the costs according to the number of people you have, and don't forget to add some on for customers/clients.

### **More on staff**

Last month, I wrote around thinking through staff cuts. Further thoughts on this sticky subject are:

1. Try to consider restructuring the job(s). As part of your strategic thinking, are you looking at new lines of business or new markets where existing staff might be redeployed? They will be easier to train, and often businesses that are able to internally restructure are better placed to maximize opportunities.
2. Voluntary time off without pay. Statistically, some staff would prefer to work fewer hours. Ensure that all annual leave is taken, and encourage unpaid leave if necessary.
3. Paid Time Off Bank. This means combining together all days off including holiday, sick and personal allocations to make one total which is not itemized, rather than specifying 10 days holiday, 5 days sick and 3 personal days, the staff would be given 18 days in total. You then have an operating cap on all time off to work in combination with unpaid leave or time off.
4. Offer key personnel partially paid sabbaticals. They reduce costs but allow retention of staff. This can be a great deal less expensive in the long run than having to rehire and retrain.
5. Take slack periods off. This fixes periods of time off without pay.
6. Shorten the working week, 4 day weeks etc.

When varying contracted hours or reducing hours, don't restrict the staff concerned from pursuing other part time work if they can find it, but retain their contracted relationship.

That's enough on ideas for staffing costs this month, we'll return to it again.

### **Telephone charges – are you using VoIP?**

VoIP stands for Voice over Internet Protocol, which is basically making phone calls computer to computer over the internet via your broadband connection, which you pay a fixed monthly fee for. There is no charge computer to computer over your broadband. It complements most traditional telephone systems, but can help to seriously reduce your telephone bills, partially if you make national or international calls with great frequency.

You can get a hosted service if you don't have the expertise to operate it on your own system, or you can buy and install off the shelf. VoIP has had a bad press, but it has greatly improved. We can attest to that, using it very regularly for calls between our two offices, and our international clients in places as far away as Australia, Mauritius, South Africa etc. We estimate it will save us something of the order of 70% - 75% of our phone bills year on year.

Our in house VoIP guru Shaun Nixon would be pleased to answer any queries and give you guidance. [shaun@citrustees.com](mailto:shaun@citrustees.com)

## **Sponsorship opportunities**

Hexham One Day Event, held at The Linnels, is a local equestrian event, offering sponsorship opportunities to local businesses.

Packages are available from £200 upwards and all include car passes and varying degrees of benefits from drinks, to lunches and advertising in various formats.

Thousands of people attend this event every year.

By sponsoring a fence or a section everyone will see your details.

It is cost effective local advertising.

There are also opportunities for trade stands.

C I Accountancy have sponsored this event and benefited by attracting new clients.

If you would like further information please contact Barbara French on telephone number 01434 682231 or mobile 07740531676

## **PAYE code number changes**

If your local tax office sent you a demand to pay tax you would obviously take some interest in the issue – is this change correct? When do I have to pay it?

Would you feel the same if you received a notification of change to your PAYE code number?

Your tax code is set at the level at which you pay no tax. If your tax code is 600L, you can earn up to £6,000 a year (£500 per month) tax free. If towards the end of the tax year this reduces to say 400L, your annual tax free allowance will have dropped to £4,000. Depending on the degree of reduction and the timing of the adjustment, you may suffer an immediate and perhaps significant drop in your home pay.

What to do?

Your tax code can be revised in a downwards direction for a number of reasons. Some of the more frequent causes are set out below:

- State Pensions – your State Pension is paid to you with no deduction for tax. Unfortunately the pension is treated as income for tax purposes and if you are employed and in receipt of the pension, HMRC will seek to collect any tax due by reducing your tax code.
- Benefits in kind – if your employer provides any form of taxable benefit, company car, health insurance etc.
- Unpaid tax from previous tax years.

An interesting situation arises if the total reduction in a tax year exceeds your basic tax free allowance. For instance if at the beginning of a tax year your tax free allowance was set at £6,500, but your untaxed State Pension for the forthcoming year was £10,000, this would result in a negative code of -350. (£6,500 - £10,000). On your Notice of Coding this would be displayed as K350. A K code means that you have no allowances to set off against your salary before tax is calculated – in fact, in the example set out above, £3,500 will be added to your taxable earnings! An increase in a K code will increase your tax deductions and reduce your take home pay.

If you received a notification that your tax code has changed do check it out, H M Revenue & Customs have been known to make mistakes!

## **National Minimum Wage changes**

We urge all employers to read the following changes to the penalties that will automatically be levied after 6 April 2009 if you fail to observe your obligations regarding payment of National Minimum Wage rates.

From 6 April 2009, a new automatic penalty will be levied where HMRC compliance officers find arrears of the National Minimum Wage (NMW).

Penalties will range from £100 to £5,000 and those employers who settle within 14 day of notification will receive 50 per cent discount of the penalty for prompt payment. The penalty must be paid in addition to any arrears owed to the workers. The most serious cases of non compliance may be tried in a Crown Court and subject to an unlimited fine.

To reflect this change, the current system of separate NMW enforcement and penalty notices will be replaced by a combined notice of underpayment and penalty. This will be issued whenever HMRC discover that arrears were outstanding at the start of their enquiries.

The notice will detail the amounts due to workers and any penalty due on those arrears. For PAYE reference periods starting on or after 6 April 2009 the penalty will be half the total underpayments shown on the notice. HMRC can pursue arrears claims for workers going back up to six years.

You will be able to appeal both the amount of the arrears and the penalty to an Employment Tribunal (an Industrial Tribunal in Northern Ireland) under new appeal rights. You can call the National Minimum Wage Helpline in confidence on Tel 0845 6000 678.

## **Self-employed NIC penalties**

From 6 April 2009 there is a change in the penalty you will pay if you are late notifying HMRC that you have commenced self-employment.

Up to 6 April 2009 the penalty was £100 and you had 3 months after commencement of trade to let HMRC know.

From 6 April 2009 the rules are changed as follows:

1. Anyone who ceases or becomes liable for Class 2 or Class 3 contributions must notify HMRC immediately.
2. A penalty may be levied (between 30% and 100% of the "lost contributions") if notice is not given by 31 January following the end of the tax year in which you become liable.
3. There will be no penalty if you have a reasonable excuse for the late notification.

### **Medical check ups**

HMRC have now agreed that all medical check-ups provided by employers to an individual employee will be treated as tax and NIC free, even if the check-ups are not available to all employees.

This clarifies a number of changes in their approach, and informal concessions, in the last few years. The change will be acknowledged in the forthcoming Finance Bill 2009.

### **Tax Diary April/May 2009**

**1 April 2009** – Due date for corporation tax due for the year ended 30 June 2008.

**19 April 2009** – PAYE and NIC deductions for month ended 5 April 2009. (If you pay your tax electronically the due date is 22 April 2009)

**19 April 2009** – Filing deadline for the CIS300 monthly return for the month ended 5 April 2009.

**19 April 2009** – CIS tax deducted for the month ended 5 April 2009 is payable by today.

**1 May 2009** – Due date for corporation tax due for the year ended 31 July 2008.

**19 May 2009** – PAYE and NIC deductions for month ended 5 May 2009. (If you pay your tax electronically the due date is 22 May 2009)

**19 May 2009** - Filing deadline for the CIS300 monthly return for the month ended 5 May 2009.

**19 May 2009** - CIS tax deducted for the month ended 5 May 2009 is payable by today.

**19 May 2009** – The payroll forms P35 and P14s must be filed by this date – employers late in filing these forms may receive a penalty.

**31 May 2009** – Ensure all employees have been given their P60s.

**DISCLAIMER - PLEASE NOTE:** The ideas shared with you in this newsletter are intended to inform rather than advise. Taxpayers circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

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Directors of the Company are members of the Association of International Accountants (AIA). This body has its headquarters in the UK and its rules of professional conduct can be obtained from its website.