

CI Accountancy Ltd

Newsletter

June 2009

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Our newsletter this month includes articles on the new car scrappage scheme, P11D deadline reminder announcement of a new tax amnesty and finally notice of changes to car tax benefits.

The next issue of our newsletter will be published on 7 July 2009.

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Credit Crunch Busting Tips with Mr Miser

This month we are revisiting the topic of staff costs and more importantly, how they can be reduced.

1. Shorten the working week. Many professional firms have cut to four and three day working weeks some departments, instead of making redundancies. This cuts the payroll but retains the staff knowledge and experience in anticipation of an upturn.
2. Maintain working hours but cut salaries.
3. Reduce planned salary increases, or have a freeze on increases.
4. Change hours of service/shifts/opening.
5. Consider trading up salaries for performance/results based on commission where possible. This requires a big shift in organisational culture, but can produce good results if it can be achieved.
6. Harmonise your start times. If you have staff starting at different times, studies have shown that more time is lost whilst they "catch up" with one another as they start. For example, a firm with 6 staff was surveyed where one started at 8.30am, two at 8.45am and 3 at 9.00am. By the time they had all chatted to catch up, and interrupted the staff already there, approximately 2.5 hours of productive time per day was lost just around people arriving at different times. The cost to the firm was estimated at £5,500 per annum. If all staff arrived at the same time, the catch up time was cut significantly to 1.25 hours, resulting in a saving of £2,250 per annum.
7. Undertake a strategic review of the skills of your personnel. and reorganise or realign skills very specifically to tasks. Often, senior personnel undertake more menial work because they view it "as easier to do it myself then I know its right". If this is happening in your business, you have either too many senior personnel or ineffective juniors.
8. The flip side of the above point is distinguished between pay and cost. The difference is productivity. This means that it may be cheaper overall to employ one skilled (and apparently expensive) person, as against three lesser skilled and cheaper people who get 25% of the work done.

I think that's enough on staffing for this month, if you've got any queries about this, please call our office for further information 01434 601133 or info@ciaccountancy.com

Tax Credits

If you receive tax credits and your circumstances have changed it is worth checking with the tax office that your entitlement hasn't changed too. With redundancy and reduced working hours your tax credit allowance could be reduced, it's always easier to sort out the changes now rather than have to repay overpayments.

Just a quick reminder that Tax credit renewals are due 31st July, to allow us to prepare accounts before this deadline, we need all relevant information to be submitted as soon as possible.

If you want any more advice on this, contact your manager 01434 601133.

Relax with Elvis the pig

No phone reception, no TV; just back to basics in a converted cattle byre with Elvis the pig, a handful of chickens and views to die for – this is the new 'secret getaway' for Network North members in the know!

When Andrew Pearce first joined the network it was to promote his residential coaching and psychotherapy services but a chance remark about his holiday accommodation in the middle of the Durham Dales has led to huge demand to stay in the cosy holiday home.

Andrew says: "I never thought there would be such an interest but obviously all you hard workers out there are in real need of relaxation and time off to recharge!"

The Red Brick Barn is 1300ft high on a hillside above the tiny village of Rookhope in an Area of Outstanding Natural Beauty, with electricity provided from a wind generator and water from an ancient spring.

The location isn't the only reason people keep coming back for another visit – visitors fall in love with Elvis the pig and all of his animal friends including chickens, ducks, four dogs and at the moment five orphan lambs that he is surrogate to.

For more information on the barn look at www.prydale.com

To see more of Elvis look at his latest videos on <http://video.google.co.uk/videoplay?docid=-7795714009911340944&ei=yXnaScCOGcWN-AbqoOTKBw&q=here+comes+elvis>

Meal allowance while out of the office

There are set rates which can be paid if an employee has to have a meal away from their home under certain circumstances, the detail is set out below:-

Breakfast rates – (irregular early starters only)

A rate of up to £5.00 may be paid where a worker leaves their home earlier than usual and before 6.00am and incurs costs on breakfast taken away from their home. This cannot be claimed if the employee leaves their home before 6.00am on a regular basis, for example working an early shift.

One meal rate – (Five hour rate)

A rate of up to £5.00 may be paid where the worker has been away from their home or normal work place for a period of at least 5 hours and has had to buy a meal.

Two meal rate – (Ten hour rate)

A rate of up to £10.00 may be paid where the worker has been away from their home or normal work place for a period of at least 10 hours and has incurred the cost of a meal or meals.

Late evening meal rate – (irregular late finishers only)

A rate of up to £15.00 may be paid where the employee has to work later than usual and finishes work after 8.00pm, having worked their normal day and has to buy a meal which they would normally have at home.

Previous tax free rate for staying with friends and family

The Revenue previously allowed a payment of £25.00 per night for staying with friends and family away from home due to work commitments. THIS HAS NOW BEEN WITHDRAWN.

More information on this matter can be found at:-

<http://www.hmrc.gov.uk/briefs/income-tax/brief2409.htm>

HMRC Online

Within the next 12 months all returns to HMRC will need to be filed online, we are trying to get all clients registered for services such as PAYE, VAT, Corporation Tax and Self Assessment, this works alongside the Direct Debit system, which means that payments can be made electronically. This not only saves time but means that you can wait until the last minute to make the payment, therefore the money is in your pocket as long as possible.

If you want more information about online filing and the direct debit option, contact your manager, 01434 601133.

Mount Kilimanjaro

Cancer will touch many of us at sometime in our lives, in many cases it may well have already been a difficult part of your life.

The support for families and patients with cancer requires heavily on donations to charitable organizations. A lot of the services are concerned with life saving treatment which means there is little funding available for other support services. **Breast Cancer Haven** (www.breastcancerhaven.org) is one such organization which offers free support, information and complementary therapies to anyone affected by breast cancer.

To raise funds in the coming 12 months many volunteers will be taking the hazardous and difficult climb up Mount Kilimanjaro.

The volunteers whilst getting a wonderful experience have to raise funds to donate to the charity. Should you wish to support Gary's daughter, Jenna Killmister and Conor Neeson in their attempt which will take place in February 2010, log in to www.justgiving.com/jennaandconor

Thank you

Make the most of Grants

Check next month's issue for more information about making the most of the different grants and funding available.

Car scrappage scheme starts 18 May 2009

In exchange for scrapping your old vehicle and buying a new one the Government and most car manufacturers will contribute a total of £2,000 towards the purchase of a new vehicle – the scheme will run from 18 May 2009

The scheme will be available to the first 300,000 eligible claimants or until 28 February 2010, whichever is sooner.

To qualify the vehicle you are trading in must:

- Be a car or small van weighing up to 3,500 kilograms (kg)
- Have been first registered in the UK on or before 31 August 1999
- Either have a current tax disc, or have a current tax disc and a current Hackney Carriage Licence, or an MOT certificate which expired no earlier than 14 days before the date of the contract between the Purchaser and the Dealer for the acquisition of title to the vehicle by the Purchaser
- Have been registered to you continuously for 12 calendar months before the order date of the new vehicle
- Have a UK address on the registration certificate (V5C) in the same name as the new vehicle
- Have a current MOT test certificate before date of order for the new vehicle

The new vehicle you want to buy must be:

- A car or small van weighing up to 3,500 kg
- First registered in the UK on or after 18 May 2009
- Declared new at first registration in the UK with no former keepers

The allowance is funded by a £1,000 subsidy from the Department for Business, Enterprise and Regulatory Reform (BERR) and a further £1,000 discount paid for by the manufacturer.

In most cases, VAT cannot be reclaimed on a car purchase even by VAT registered businesses so the discount will only have the effect of reducing the car's purchase price. However, certain VAT registered customers may have to reduce their input tax in respect of the manufacturers' discount. This will only be the case where VAT can be reclaimed on the purchase of a car such as for the purchase of a taxi or a driving instructor's car.

If you are buying a business vehicle under this scheme please note the following points regarding a future claim for capital allowances.

1. The £2000 discount reduces the capital cost of the vehicle.
2. The vehicle you part exchange, or scrap, is considered to be written off for tax purposes and the £2000 discount will not be treated as taxable proceeds of sale.

P11D filing deadline approaches

Employers should be aware that the filing dates for 2008-9 P11D and P11D(b) is 6 July 2009. Those employers who filed a paper P11D(b) form last year are currently being sent new paper forms and a payslip.

All relevant businesses should receive these forms by 15 June 2009.

Businesses who submitted online forms last year are being sent a payslip and an online reminder to file the form before the deadline.

This year, a new quality standard for the P11D forms has been introduced. This means that paper forms that are not properly completed will be returned and online submissions must be fully complete before submission is possible. The quality standards are designed to check that the employer reference is included, that employees' names and National Insurance numbers are completed and that the list price of any car provided to an employee is shown on the form etc.

Businesses filing online can file the forms using commercial payroll software or HMRC's online facility.

If you need help completing individual forms, or filing returns, please contact us soon as the deadline is fast approaching.

Updates from HMRC

Tax Amnesty

HMRC have announced a second offshore tax amnesty for holders of overseas bank accounts. It will be referred to as the New Disclosure Opportunity and will close March 2010.

Text messages from HMRC

HMRC are currently exploring new ways of making contact with taxpayers. This includes HMRC leaving an automated voicemail or sending a text message. Both of these methods are currently only being used to ask taxpayers to call HMRC rather than to provide any other specific advice or information.

If you receive an automated voicemail message or a text message claiming to be from HMRC asking you to contact them use the number for your local office or the telephone numbers on the official HMRC website at www.hmrc.gov.uk

Car benefit changes

A number of changes to the tax calculations for company cars have been announced over the last few months and during the Budget.

For the current 2009/10 tax year please note the following changes:

- Disabled drivers who are required to drive an automatic car as their company car will be allowed to use the list price of an equivalent manual car when calculating the company car tax benefit.
- The requirement for a new P46 (car) form is withdrawn where an employee's car is returned and replaced with another car.

From 2010/11 the lower threshold for CO2 emissions figure will be reduced to 130g/km (from 135g/km).

From 2011/12 the lower threshold for CO2 emissions figure will be reduced to 125g/km. In addition, the current £80,000 list price cap used to calculate the company car tax will be abolished and current discounts given to cars using alternative fuels (such as bio-fuels and bioethanol) will be removed.

Tax Diary June/July 2009

1 June 2009 – Due date for corporation tax due for the year ended 31 August 2008.

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

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

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

1 July 2009 – Due date for corporation tax due for the year ended 30 September 2008.

6 July 2009 – Complete and submit forms P11D return of benefits and expenses and P11D(b) return of Class 1A NIC's

6 July 2009 – Deadline for submission of new Tax Credit application for 2009-2010, if you want to secure a full years claim.

19 July 2009 – Pay Class 1A NIC's (by the 22 July 2009 if paid electronically).

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

19 July 2009 – Filing deadline for the CIS300 monthly returning for the month ended 5 July 2009.

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

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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