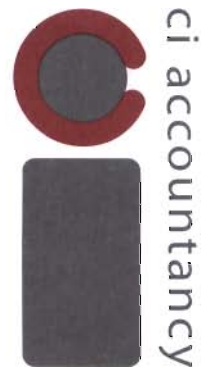


# CI Accountancy Ltd

## Newsletter

### September 2008



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As we near the end of the summer season, or is it the monsoon season, we are including information in the newsletter this month to highlight:

- Changes to PAYE tax codes 7<sup>th</sup> September 2008
- State Benefits that are tax free
- Two important consequences of the new Annual Investment Allowance, and
- Postal and payment changes.

Our October newsletter will be published on 6 October 2008.

C I Accountancy News	Meet the CI Accountancy Team – Becky Wolloms – Trainee Accountant
Client of the Month – September – Business Support Direct	Changes to tax codes
State Benefits that are tax free	Annual Investment Allowance personal considerations
HMRC further online incentive	Tax Diary September/October 2008

### C I Accountancy News

We are pleased to welcome Ali Lambie to the team at C I Accountancy from the start of September. Ali joins us from Price Waterhouse Coopers and is studying to become an Accountant having already passed more than half of her Exams.

Sau Ying Wilson, Jackie Wolloms, Lorna Green, Becky Wolloms and Fiona Little have all passed various exams this month.

Congratulations to all of them! Another successful month for the C I Accountancy team.

We are pleased to announce Lorna Green's engagement to David Cople. Many congratulations from all at C I Accountancy.

### Meet the C I Accountancy Team – Becky Wolloms – Trainee Accountant

Becky joined C I Accountancy in July 2007 after completing her A-levels.

She has lived in Hexham all her life and attended Queen Elizabeth High School.

Whilst at school she worked at Tynedale Retail Park and Robbs where she enjoyed a mixture of office administration and working with the customers. This led her to look for future careers where she could work with people.

When she left school the opportunity to train as an accountant offered by C I Accountancy seemed too good to miss.

Becky enjoys the opportunities of learning and being able to make practical application of the knowledge gained through her studies, with the support of the very experienced C I Accountancy seniors.

She is looking forward to completing her training so she can continue with the high levels of service offered by the company.

When not at work or studying she enjoys reading, walking the family dog and indulging in her love of films.

## Client of the Month – September – Business Support Direct

Business Support Direct are Business Consultants and Business Advisors providing a full range of business services to Sole Traders, Partnerships and Limited Companies.

The service includes:

- Cost effective business planning with professionally completed business plans,
- Assistance with starting a business,
- Financial planning and completion of finance applications for lenders
- Grant applications,
- Specialist finance including Commercial Property finance, Property Development finance, Asset finance, Factoring, Invoice Discounting, and the Small Firms Loan Guarantee scheme,
- Assistance with business expansion and business development,
- Cash flow and Debt problems,
- Bookkeeping and Administration,
- Business sales and purchase,
- Franchise purchase
- Business development and working with a business on an ongoing basis to encourage growth.

The business is owned and operated by Les Hare who has over 25 years experience in high street banking, with over 10 years in corporate banking, dealing with businesses of all sizes. Les has a wide range of business experience including management, customer service, customer relationships, lending analysis, business policies and business strategies. Business Support Direct was set up in 2008 to meet Les's desire to work closer with new and existing businesses and to help them grow and develop. Business Support Direct has supported numerous businesses since inception and the client base continues to grow. Customer service is the priority and Les is keen to work with the business owner who finds it difficult to identify ways to expand and grow their business and is looking for a more focused approach.

Business Support Direct offers 4 key services, Business Planning, Obtaining Finance, assistance Starting a Business and Business Development. Within these key services are various sub-services details of which can be found on the website [www.businesssupportdirect.co.uk](http://www.businesssupportdirect.co.uk)

When appropriate, Les is keen to work with partners to help any business and these include Business Link and, of course, C I Accountancy Limited, who provide a first class service to a number of the clients of Business Support Direct. Business success is often dependant on obtaining the right advice and Business Support Direct is confident that it can provide this advice. Initial consultation is free of charge so why not give them a try? As their motto says, "In Business, failure is not an option." Give Les a ring on 01434 606492 or drop him an email [les@businesssupportdirect.co.uk](mailto:les@businesssupportdirect.co.uk) He looks forward to discussing your business issues.

## Changes to tax codes

For those who have not received the HM Revenue & Customs (HMRC) employers letter we have reproduced below changes to tax codes which need to be made from 7 September 2008.

The changes were introduced to soften the effects on some lower paid persons who were adversely affected by the scrapping of the 10% starting rate band for income tax on 6 April 2008. As well as changes to tax codes you should also have received new tax tables or changes to your payroll software that accommodate the lowering of the basic rate band for income tax purposes; from £36,000 to £34,800.

### **Changes to Tax Codes:**

**L Codes** – Add 60 to the existing code. For example 543L becomes 603L.

**T Codes** – No change unless you receive P6 from tax office.

**P, V or Y Codes** – No change unless you receive P6 from tax office.

**A or H Codes** – These codes are no longer in use, seek advice from HMRC immediately if you are still using codes with these suffixes.

## **State Benefits that are tax free**

Please ensure that you take account of the following notes when you declare benefits on your tax return.

### **The State Retirement Pension**

Your state pension is taxable but do not include either the Winter Fuel Payment or the Christmas Bonus as both of these latter payments are tax-free.

### **Incapacity Benefit (IB)**

- Short term IB paid at the lower rates is not taxable for the first 28 weeks, after 28 weeks it becomes taxable.
- Short term IB paid at the higher rates is taxable.
- Long term IB paid at the higher rates is taxable unless benefit commenced before 13 April 1995.

### **The new Employment and Support Allowance**

This new benefit is being introduced from October 2008. It will replace the existing Incapacity Benefit and Income Support for all new claimants.

- If the payment of this allowance is contribution based it will be taxable.
- If the payment is income based it will be tax-free.

## **Annual Investment Allowance personal considerations**

From the 6 April 2008 sole traders and partners can claim up to £50,000 a year as a direct write off against their profits if they invest in certain qualifying assets; plant and equipment, vans and so on. Small and medium sized companies can also claim (from 1 April 2008). This article alerts individuals claiming the allowance of two other matters they should consider before making a claim.

First the good news!

### **Tax credits**

If the claim you make reduces your income sufficiently you may be eligible for tax credits.

The problem is that until the current tax year's earnings are quantified, you will not know for certain that you are eligible to claim – a pity as you can only back date claims for three months!

A possible solution may be to make a protective tax credit claim now. Your initial claim may show £nil but when adjusted for your actual post AIA claim the actual claim achieved may be much higher.

And now the bad news!

### **Mortgage applications**

Many lenders now ask for taxable income rather than trading profits when they consider if you are eligible for a loan. If your trading profits of £50,000 are covered by an AIA claim of £50,000, zero income is not going to qualify for much of a loan. Hopefully lenders will take into account the reason for the dip in your taxable income – but some may not!

## **HMRC further online incentive**

From 1 October 2008 HMRC will no longer send taxpayers a postage paid envelope to use when paying their tax or filing/paying their VAT returns.

This is apparently is a signal to us all to make returns and payments online.

To ease the payment process HMRC are also about to make it easier to pay our tax by allowing us to use our credit card. Legislation has just been passed that will allow them to recover the credit card charges. HMRC will charge you 0.91% for the privilege.

## **Tax Diary September/October 2008**

**1 September 2008** – Due date for corporation tax due for the year ended 30 November 2007.

**19 September 2008** – PAYE and NIC deductions due for month ended 5 September 2008. (If you pay your tax electronically the due date is 22 September 2008)

**19 September 2008** – Filing deadline for the CIS300 monthly return for the month ended 5 September 2008.

**19 September 2008** – CIS tax deducted for the month ended 5 September 2008 is payable by today.

**1 October 2008** – Due date for corporation tax due for the year ended 31 December 2007.

**19 October 2008** – PAYE and NIC deductions due for month ended 5 October 2008. (IF you pay your tax electronically the due date is 22 October 2008)

**19 October 2008** – Filing deadline for the CIS300 monthly return for the month ended 5 October 2008.

**19 October 2008** - CIS tax deducted for the month ended 5 October 2008 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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C.I. Accountancy is a Limited Company registered in England and Wales under no. 04589897 and registered for VAT under reference 842780317.

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.