



Welcome to our monthly tax newsletter designed to keep you informed of the latest tax issues. We hope you enjoy this issue and find the information useful.

Team Update.....

Taxless has expanded in the last month. Alongside Irina the team now consists of:-

Nikki Mansell-Rogers is the Office Manager and is responsible for keeping us all in order as well as dealing with company secretarial matters. Nikki most recently was a business partner with her husband and before that was a HR Manager specialising in Management Coaching and Personnel Development.

Natasha Bose is Russian born and has lived in the UK for 5 years. Whilst in Russia, Natasha received her University Diploma in English as a Foreign Language. Since arriving in the UK, Natasha has been completing her AAT training and is now in her final year. Natasha works closely with her assigned clients and is responsible for most bookkeeping tasks and payroll.

Patrycja Poltorak is originally from Poland. She attended University in Olsztyn (Poland) and has a degree in Public Administration (Civil Service). Patrijca moved to the UK in 2007. In her spare time she has attended college and is partway through her AAT training. Patrijca works part time on bookkeeping.

SELF ASSESSMENT TAX RETURNS

Self Assessment involves completing an online or paper tax return. You tell HM Revenue & Customs (HMRC) about your income and capital gains (profits on the sale of certain assets) on the tax return, or claim tax allowances or reliefs. There are deadlines for sending your tax return in - and penalties and interest charges if it arrives late.

- If you send in a paper tax return, it must reach HMRC by midnight on 31 October.
- If you send in your tax return online it must reach HMRC by midnight on 31 January.

You will be charged a penalty if your tax return isn't received on time.



APP OF THE MONTH

iTranslate is a free download for your iPhone and uses Google's translation software to translate between about a dozen languages including Spanish, German and French.

You can download it free from the iPhone app store.

HMRC REQUESTS FOR ACCESS TO PRIVATE BANK ACCOUNTS

If you have ever been subject to a business tax enquiry by HMRC, you may well recall that one of their common tactics is to ask to see not just the business bank account statements but also your private account statements.

That has long been a bone of contention, and this will only get worse now given the removal from HMRC's Compliance Handbook of previous assurances that private bank statements will not be requested as a matter of course in the opening enquiry letter.

We will be pleased to advise you fully by reference to your particular circumstances.

We will always try to take the initiative away from HMRC in the event of a tax enquiry, and will resist any unreasonable request to see your private bank statements. If you have no concerns in passing them to HMRC we will make it clear to them that although we do not consider they are entitled to see the statements, you have instructed us to send them in because you wish to co-operate fully. That is likely to score points with HMRC but at the same time they will realise that they cannot ride roughshod over us by asking for whatever they wish!

PAYE CODE FIASCO UPDATE



Tax chiefs were hauled to give evidence to the Treasury Select Committee recently and admitted that a staggering 24million people could have had their tax bills miscalculated over recent years.

Six million will get letters before Christmas either demanding an average of £1,400 or offering a refund by cheque after a new computer system identified errors in their PAYE accounts.

MPs heard there is a backlog of a further 17.9million 'unresolved' tax cases dating back to 2005, which HMRC is hoping to process by 2012. Many of those could now face demands for underpaid tax.

Ministers have ordered HMRC to make another climb down to try to appease public anger.

HMRC have agreed that those facing tax demands of £2,000 or more as a result of errors will not be charged interest on the money they owe.

HMRC have stated 'Only those who will not engage with us will be charged interest'

The Revenue has already agreed to waive bills of £300 or less, meaning 900,000 taxpayers will be spared paying any money back – at a cost of £160million to the Exchequer.

HMRC also insisted the fiasco was not all bad news, since while 1.4million people will have to pay an extra £1,400 in tax, 4.5million people will get refunds of £400 on average.

A word of warning – HMRC are becoming much more intrusive in their Investigations of individuals and businesses so be prepared for more enquiries and most importantly, be prepared! Talk to us about our Tax Fee Protection Service. Cover yourself against any HMRC enquiry or Investigation now!

CHANGES TO MINIMUM WAGE RATES IMMINENT

Employers are being reminded that new national minimum wage rates will be coming into force in October.

There is also a new rule affecting 21-year-olds.

As from 1 October, employees will no longer have to be aged 22 to become eligible for the top hourly minimum wage adult rate.



The new rates are: £5.93 per hour for low paid workers aged 21 and over, up from £5.80; £4.92 per hour for 18-20 year olds, up from £4.83; and £3.64 per hour for 16-17 year olds, up from £3.57.

For the first time there will be an apprentice minimum wage of £2.50 per hour. The new rate will apply to those apprentices who are under 19 or those that are aged 19 and over but in the first year of their apprenticeship.

The accommodation offset will rise from £4.51 per day to £4.61.

Edward Davey, the employment relations minister, said: "The increases to the national minimum wage this year are appropriate for the economic climate. They will strike a balance between helping the lowest paid whilst at the same time not jeopardising their employment.

"The Low Pay Commission estimates that around 970,000 people stand to benefit from these increases. "Workers on the national minimum wage are disproportionately likely to be employed by small firms and so it is right the Low Pay Commission considers their competitiveness when they make their recommendations for next year. SMEs will be vital to our economic recovery."

The move to reduce qualification for the adult minimum wage to 21 will, however, push up business costs. The Business Department has estimated that the cost to employers will be £48 million.

It is thought that the change will see some 85,000 extra workers lifted into the adult wage category.

BUSINESS NETWORKING GROUPS



Do these groups result in real business referrals? The answer is "yes". However, whether they generate the type of business you want is a different matter. If you want new clients in the SME sector then yes, networking groups work well in attracting this type of client (usually owner-managers with 1-50 staff). If you are chasing a large corporation' you may be disappointed with the type of referrals you receive.

The rules are generally simple – 1 representative from each industry sector – i.e. accountant, architect, solicitor. Each member is obliged to refer at least 1 piece of business per quarter and the group meets 1-2 times per month (usually over breakfast in a conference room).

WORKING “IN IT” RATHER THAN “ON IT”?



Many small firms take a random approach to business planning, according to a recent study.

Research by business insurance comparator SimplyBusiness.co.uk of 400 British businesses, shows that 54 per cent of them have no written business plan.

More than two thirds of entrepreneurs make decisions on gut instinct alone, while 65 per cent do not credit check new customers.

Firms also risk costly legal action over inadequate HR practices, with over a fifth (21 per cent) with no formal contracts for their permanent employees and 79 per cent with no dedicated person to handle HR operations.

Limited time and resources are characteristic of growing businesses, and the recession will have stretched owners further than ever before. Understandably, many have become so focused on working in their business that their time working on their business may have suffered as a result.'

So how can we help?

We can perform a simple “Business Health Check” to highlight key areas for you to strengthen and recommend actions to take.... and we are great listeners!

Why not talk to us about your future personal goals and business objectives and we can help you devise a written plan and discuss the key targets you need to monitor to make sure you are on track to reach your targets.

The most successful clients we work with all have written plans and regularly sit with us to review how they are doing.

It really does make a difference to work “On It” from time to time!

Contact Us

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