

What most Accountants don't tell you

Volume 10

January 2012

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ARE YOU ON THE TAXMAN'S TARGET LIST?



The Taxman has formed a number of task forces to investigate certain business sectors, where he believes tax rules are being ignored.

A summary of the current work of those task forces is listed below, but bear in mind that each task force will move on to a new geographical area once the first area has been investigated.

London Properties

This task force is investigating commercial property deals in Greater London, where the VAT rules may not have been applied correctly. Where they find such a case, the tax officers will review the entire tax compliance of the property owner, across all taxes.

Swiss Bank Accounts

UK residents with Swiss bank accounts should be receiving a letter from HMRC Off-shore Compliance Unit. In particular those whose names were included in stolen data obtained by HMRC.

Restaurants

More than 500 restaurants are to be investigated where there is evidence to suggest a risk of tax evasion. In the North West 150 restaurants are targeted for investigation.

Overseas Property Owners

The HMRC "Affluent Team" is investigating UK based individuals with houses or other properties abroad which have been purchased with untaxed monies or where rental income or capital gains tax on sale have not been declared. Homes especially in Europe and America will be targeted.

Landlords

HMRC are targeting landlords with three or more let properties in the North West of England and North Wales. Have you or your family correctly declared all of your rental income?

Construction Industry

The targets are self-employed builders (including small companies) in the North West of England and North Wales. The task force is looking for under-declared sales (such as cash jobs) and over-claimed expenses (where there are no supporting invoices).

Remember to keep every receipt for purchases and keep a log of all business mileage. We can help you by advising what expenses are allowable to claim against your income.

No Tax Return Submitted

This task force is currently operating in the South East of England, looking for businesses who have not submitted tax returns for corporation tax, VAT, PAYE or income tax.

The tax man has stated that those found guilty of evading tax will face heavy fines and the possibility of criminal prosecution.

7 Reasons To Make A Will

1. YOU decide who will receive the benefit NOT the law
2. If you are not married but have a partner your partner will receive NOTHING unless you make a will
3. If you are DIVORCED, you can decide to leave something to your former partner
4. You can make the best use of allowances to REDUCE the amount of Inheritance Tax to be paid
5. If you have CHILDREN, you choose who will care for them
6. If you have no surviving relatives, everything could automatically PASS TO THE STATE
7. You can decide to leave a donation to CHARITY

Don't Overlook R & D

Research & Development (R&D) relief is not understood and clients don't realise they qualify or think it is more trouble than it's worth. However, the R&D tax break is worth twice as much as any other tax relief.

R&D can cover the development of a new method of doing something. If you spend say £30,000 on anything that can be classified as R&D in 2012/2013 and you pay corporation tax at 20%, you can reduce your tax bill by £13,500.

HMRC have made it easier to claim this relief, especially for smaller companies without the usual long winded questions and test. Any business with less than 50 employees is entitled to claim this relief.

Family Allowance Change



It's time now to plan ahead of the changes to child benefit, which will be scrapped from 2013 for families with at least one higher-rate taxpayer.

The child benefit cut could cost couples with two children about £1,750 a year, so try to reduce your taxable income, even of just for a year or two. Company owners could take a bigger dividend in 2011 and 2012 and then a smaller one in 2013, or postpone pension contributions and other tax deductible spending until 2013. Splitting income may also help such as transferring shares or property to a spouse to ensure there are no high rate taxpayers in the household.

AIA drop from £100k to £25k

From April 2012 the Annual Investment Allowance is being reduced dramatically from £100,000 to £25,000.

Therefore, plan to use this relief that provides 100% tax deduction for spending on "plant and machinery." If you need to buy vans or computers, get them purchased now, before the limit is reduced. You will save a fortune in tax.

New Scheme for Start Ups

There was a fantastic juicy new tax break for investors announced in the Autumn Statement by George. In fact it is astonishing.

From April 2012 the Seed Investment Scheme (SEIS) will allow individuals to invest up to £100,000 per year in a new start up business. This will enable you to claim back 50% income tax relief, regardless of the rate of tax you pay.

Investors can also gain a Capital Gains Tax holiday and avoid paying CGT on any assets sold during the financial year 2012–2013 as long as they reinvest the proceeds into the above, SEIS eligible start up.

The conditions are fairly basic such as the new start up must be unquoted, have 25 or fewer employees and assets of up to a maximum of £200,000 at the point of investment. It must also undertake a new business.

Directors and executives cannot use the scheme to invest in their own business. HMRC will also check to make sure that a business hasn't been set up to access the relief.

The conditions are fair and if you can go along with them, the tax relief on offer is fantastic. The combined effect of the CGT holiday and the tax break offers relief of up to 78% in the first year.

Website Ownership

Most businesses will have a website designed by a specialist website developer. It is important to raise the issue with them prior to any work being done as to who owns the copyright.

Paying for a website does not guarantee you ownership and it is therefore important to get the terms agreed that you will own

all the copyright of the website and are able to use all the material on the site for what ever purpose you decide.

This avoids any future disputes, should you decide to change web host, you are able to take the site to different supplier to host.

Wife Quotes

'There's a way of transferring funds that is even faster than electronic banking. It's called marriage.'

Sam Kinison

'I've had bad luck with both my wives. The first one left me, and the second one didn't.'

James Holt McGavra

Two secrets to keep your marriage brimming

1. Whenever you're wrong, admit it,
2. Whenever you're right, shut up.

Patrick Murra

The most effective way to remember your wife's birthday is to forget it once.....

Nash

You know what I did before I married? Anything I wanted to.

Anonymous

My wife and I were happy for twenty years Then we met.

Henny Youngman

A good wife always forgives her husband when she's wrong..

Rodney Dangerfield

A man inserted an 'ad' in the classifieds: 'Wife wanted'. Next day he received a hundred letters.. They all said the same thing: 'You can have mine'

Anonymous

First Guy (proudly): 'My wife's an angel!'
Second Guy: 'You're lucky, mine's still alive.'

Anonymous



Gods Pharmacy



This is really interesting... old but a good reminder... It's been said that God first separated the salt water from the fresh, made dry land, planted a garden, made animals and fish... All before making a human. He made and provided what we'd need before we were born. These are best & more powerful when eaten raw.

God left us a great clue as to what foods help what part of our body! God's Pharmacy! Amazing!

A sliced Carrot looks like the human eye. The pupil, iris and radiating lines look just like the human eye... And YES, science now shows carrots greatly enhance blood flow to and function of the eyes.

A Tomato has four chambers and is red. The heart has four chambers and is red. All of the research shows tomatoes are loaded with lycopine and are indeed pure heart and blood food.

Grapes hang in a cluster that has the shape of the heart. Each grape looks like a blood cell and all of the research today shows grapes are also profound heart and blood vitalizing food.

A Walnut looks like a little brain, a left and right hemisphere, upper cerebrums and lower cerebellums. Even the wrinkles or folds on the nut are just like the neo-cortex. We now know walnuts help develop more than three (3) dozen neuron-transmitters for brain function.

Kidney Beans actually heal and help maintain kidney function and yes, they look exactly like the human kidneys.

Celery, Bok Choy, Rhubarb and many more look just like bones. These foods specifically target bone strength. Bones are 23% sodium and these foods are 23% sodium. If you don't have enough sodium in your diet, the body pulls it from the bones, thus making them weak. These foods replenish the skeletal needs of the body.

Avocados, Eggplant and Pears target the health and function of the womb and cervix of the female - they look just like these organs. Today's research shows that when a woman eats one avocado a week, it balances hormones, sheds unwanted birth weight, and prevents cervical cancers. And how profound is this? It takes exactly nine (9) months to grow an avocado from blossom to ripened fruit. There are over 14,000 photolytic chemical constituents of nutrition in each one of these foods.

Modern science has only studied and named about 141 of them. **Figs** are full of seeds and hang in twos when they grow. Figs increase the mobility of male sperm and increase the numbers of Sperm as well to overcome male sterility.

Sweet Potatoes look like the pancreas and actually balance the glycemic index of diabetics.

Oranges, Grapefruits, and other Citrus fruits look just like the mammary glands of the female and actually assist the health of the breasts and the movement of lymph in and out of the breasts.

Onions look like the body's cells. Today's research shows onions help clear waste materials from all of the body cells. They even produce tears which wash the epithelial layers of the eyes. A working companion, **Garlic**, also helps eliminate waste materials and dangerous free radicals from the body.



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Happy New Year and may it be a very prosperous one for all my clients and friends. The signs so far this are extremely positive and encouraging.

Woody Guthrie wrote an inspiration set of "New Year's Rulin's" Following Woody's lead and style, here's how I'm approaching 2012.



*Get fit.
(Don't get injured.)
Help people.
Do what's right.
Be true.
Learn new stuff.
Write new book.
Dream good.
Live life slow.
Be happy.*

Agony Uncle Letters

Dear Ilyas

Can I employ my 13 year old darling in my business doing some filing, washing coffee mugs and other basic admin, pay her a tax-free salary and claim the expense a tax deduction?

Kind regards. Dr H and Mrs H & the Kids

Dear H Family

In short, Absolutely! For the tax year ending April 2012 you can pay H Junior up to £7,475 tax free. As she is under 16, she is not subject to national insurance and neither are you as her employer. She will have no income tax to pay assuming her total income for the tax year April 2012 does not exceed £7,475.

However, you need to be aware that her wages need to be paid to her and the money is hers to do what she pleases with it. Her pay should not exceed that you would pay another unconnected person to perform the same task. You will also need to observe laws relating to the employment of young children which will restrict the hours she can work.

Dear Confidential Tax Expert

My e'lecry bills have soared since I started using a room in my home as the base for my business. I have to have the heating on all the time for my hydroponic equipment required for my herbal plants. I've heard that my company can pay up to 1/3 of my electric bills tax-free, is that true?

Yours Enterprising Rory

Dear Entrepreneur Rory

Your company can pay you (as the company's employee) £3 per week, £156 per year tax free, for working at home and no evidence has to be provided to support that payment. If you can prove your heating bills increased because you heating the property while working there, when otherwise it would be empty and not heated, then your company pay that extra heating cost to you tax free. However, if the Taxman asks you will need to provide copies of the gas bills for a period before you worked at home compared to a similar period when you have worked at home, to prove the increase in costs. This type of claim is referred to as 'use of home as office' which can also cover other costs incurred in running your business from home.

Our Promise

Our newsletter is designed to bring you tax tips and news to keep you one step ahead of the taxman. If you need further assistance just let us know or you can send us a question for our Question and Answer Corner.

We are committed to ensuring all our clients don't pay a penny more in tax than is necessary.

Please contact us for advice in your own specific circumstances..... We're here to help!