

# tlp - news

April 2008

The monthly newsletter of The Long Partnership

## **L**et's Get Real or Let's Not Play.

If you are interested in a Fixed Price agreement then give us a call and we will be happy to discuss it with you and give you a quote for the next 12 month's work.

Give us a call on:  
**01856 878600**

## Quote

"We must look for the opportunity in every difficulty instead of being paralyzed at the thought of the difficulty in every opportunity."

Walter E. Cole

## April Dates:-

3-9 Alan at CIOT Conference in Cambridge

16/17 Alan in Caithness

19 PAYE filing

22 Ayre Hotel 7.30 Software and investments

23/24 Alan & Helen in Westray

*"The difference between a warrior and an ordinary man is that a warrior sees everything as a challenge, while an ordinary man sees everything either as a blessing or a curse." - Don Juan in Carlos Castaneda's A Separate Peace.*

Now here's a question. Is being in business a battle, a war or a game? Anyone who has been in business like us for many years would probably liken it to a war but there are plenty of times that it feels like a game.

Sometimes you have to act courageously, other times you keep your head down and your powder dry, and sometimes you just want to withdraw to lick your wounds. Sometimes you can have a game (have you ever wound up a telephone salesman—"no I never use mobile phones because they fry your brain" is a personal favourite) and who would deny that negotiating is in many ways a game, albeit with a serious result.

We would probably all admit to some scars but that is probably what we all call experience.

There is a saying that "you cannot put an old head on young shoulders" and that is very true. How many of us would like to be able to go back 10, 15 or 20 years and fight that battle or play that game with the knowledge and experience that we have now. The good news is that you can't and just as well. Otherwise we would all be going back and rewriting our past over and over again.

Anyone who has survived in business for many years is likely to be a warrior, someone who can rise to a challenge and hopefully see opportunities in that challenge. You are probably someone used to taking firm action, however quietly and with no fanfares but you still take action and you get things done. If you weren't like that your business would probably not have survived as long as it has.

Are you a "bottles half empty" or "the bottles half full" person? Does it depend on

the time of day and the stress you are under at that moment? In business it helps if you can stay positive - the bottles half full! It is important to avoid getting sucked into those dark places full of negative thoughts that can stop you functioning properly.

The early morning can often be a time when the dark negative thoughts escape from their cage and run riot through your head. How do you counter this? Often this is caused by the amount on your brain's to do list. You wake up and your head goes round and round trying not to forget any of the things you must remember to get done that day. Your biggest concern is that you will forget something. The answer is to write a list of everything you can remember that has to get done. Once you have your list you can relax because you are not going to forget anything.

Next we would recommend reading at the start of the day. You need something to give you a positive uplifting feel (so probably avoid breakfast television - that will sap the positivity out of anyone). There are plenty of good positive books out there that will set you up for the battles to come. Try The E Myth by Michael Gerber. Anything to give you a positive outlook on the day ahead. You'll get more done and you will get it done right.

Business is both a war and a game. Some battles you win, some you lose, sometimes there is no definite outcome but you live to fight another day.

So what is the accountants role in this war. Are they the first aiders or the stretcher bearers. Perhaps we are the technical support units although we are probably not the engineers. Sometimes we are the grave diggers!

We like to think of ourselves as technical support mixed with more than a little intelligence gathering, the spies. Sounds like a bit of Bond, James Bond, but what about the girls.....

Time to put the kettle on.

Give us a call if you need some technical support or some intelligence gathering.

Alan, Helen and everyone at TLP.

## 10 Tips to avoid Spam

Spam is a fact of internet life. According to recent figures from the security software industry, more than 80% of email traffic is made up of spam.

- ◆ Do not post your e-mail address in an unobfuscated form on the internet.
- ◆ Check to see if your e-mail address is visible to spammers by typing it into a Web search engine such as [www.google.com](http://www.google.com)
- ◆ Set up two e-mail addresses, one for personal e-mail to friends and colleagues, and use the other for subscribing to newsletters or posting on forums.
- ◆ Use spam filtering.
- ◆ Never respond to spam. You are confirming that your e-mail address is valid.
- ◆ Do not open spam messages. Spam messages may include "Web beacons" enabling the spammer to determine how many, or which e-mail addresses have received and opened the message.
- ◆ Do not click on the links in spam messages
- ◆ If you receive a very large amount of spam, consider replacing that email with a new address.
- ◆ Make sure that your anti-virus software is up to date.
- ◆ Do not respond to e-mail requests to validate or confirm any of your account details. Your bank, credit card company, eBay, Paypal, etc., already have your account details, so would not need you to validate them.

## New Capital allowances: Business Tax Reform

There will shortly be seventeen different types or rates of relief for capital expenditure for taxpayers to consider.

The stated objectives of these reforms were to promote investment and growth, reduce administrative burdens and complexity and to maintain the fairness of the tax system. Don't laugh!

The Government has tried to point out that the tax burden will be neutral to the economy but benefiting most from these changes will be the large corporates. Retailers incurring refit expenses will be caught by the new Integral features legislation with allowances being restricted to 10%.

Even worse affected are the transport, hotel and manufacturing sectors who are still reeling from the loss of industrial buildings allowances which is not nearly compensated for by the reduction of corporation tax.

Turning to the practicalities of these changes there are 3 key areas of change

### Integral Features

The Integral features legislation will have the effect of creating a new pool of plant and machinery allowances with the rate of relief reduced from 25% to 10% on a reducing balance basis. The proposed list of "Integral features" is as follows:

Electrical systems (including lighting systems)

Cold water systems

Space or water heating systems, powered systems of ventilation, air cooling or air purification, and any floor or ceiling comprised in such systems

Lifts, escalators and moving walkways

External solar shading

Active facades

Expenditure on Integral features will need identifying based on when it is incurred post 1 April 2008 (for corporates), which will create some complications for construction projects that span this date.

### Annual Investment Allowance (AIA)

The AIA provides an annual 100% allowance for the first £50,000 of investment in plant and machinery (except cars) to all businesses. This will help small businesses but is being offset by the withdrawal of first year allowances for small and medium firms.

One concession is that the proposed legislation will allow the AIA to be allocated against any pool of qualifying expenditure. It can therefore be offset against the lower rates of relief (Long Life assets and Integral features) to preserve the higher 20% and 100% reliefs.

### Payable Enhanced Capital Allowances (ECAs)

This is a payable credit for loss-making companies incurring qualifying expenditure on or after 1 April 2008. This is an important revision as it shouldn't just be profitable companies that are encouraged to invest in environmentally friendly assets.

### The hierarchy of capital expenditure relief

Land Remediation Relief (LRR) - 150%

Annual Investment Allowances (AIA) - 100%

Business Premises Renovation Allowance Scheme (BPR) - 100%

Flat Conversion Allowances (FCA) - 100%

Enhanced Capital Allowances (ECA) - 100%

Research and Development Allowances (RDA) - 100%

Payable ECA credit - 68%

Know-How Allowances - 25%

Patent Allowances - 25%

Short Life Assets (SLA) - 20%

Plant and Machinery Allowances (P&M) - 20%

Mineral Extraction Allowances (MEAs) - 10% or 20%

Plant and machinery Integral Features - 10%

Long Life Assets (LLAs) - 10%

Dredging Allowances - 4%

Assured Tenancy Allowances - 4%

## **What is changing this month in Tax - Confused? Give us a call!**

### **Changes to Income tax**

Abolition of 10% starter rate (apart from on savings income for those on modest incomes).

Reduction in basic rate from 22% to 20%.

Increase in personal allowances for those aged 65+, from £7,550 to £9,030.

Exemption from benefit-in-kind charge on overseas properties owned by individuals through their own companies (effectively in place already but to be formalised following consultation). Residence and domicile changes - £30,000 charge for using the remittance basis after 7 years' residence; personal allowances lost for using the remittance basis immediately.

### **NICs**

Upper earnings limit (UEL) increased from £670 pw to £770 pw, meaning that the 11% NIC rate applies to annual incomes up to £40,040. The aim is the UEL will reach parity with the 40% income tax threshold from 2009.

Introducing a new 'upper accruals point', at which entitlement to state second pension stops accruing, at a similar level to the current UEL.

### **Investments**

ISA limit rises from £7,000 to £7,200 (cash component rising from £3,000 to £3,600).

Introduction of (non-repayable) dividend tax credit for divs from non-UK companies.

Enterprise investment scheme limit raised to £500,000.

### **Employment**

Benefits charges on most company cars rise as CO2 ratings are adjusted.

Fuel benefit rises as the 'multiplier' up from £14,400 to £16,900.

### **Capital Gains Tax**

18% flat rate of tax.

Abolition of taper relief and indexation allowance.

Introduction of entrepreneurs' relief (£1m lifetime allowance).

### **Inheritance tax**

Transferable nil rate bands for spouses/civil partners (from 9 October 2007).

Nil rate band rises to £312,000; £325,000 for 2009/10 and £350,000 from April 2010.

### **Corporation tax (CT) (changes from 1 April)**

Main CT rate reduces from 30% to 28%.

Small companies' rate increases to 21% (and 22% from April 2009).

Increased research and development (R&D) credits to 130% (large companies) and 175% (Small and medium sized enterprise (SMEs) - subject to state aid approval).

### **Capital allowances (changes from 1 April for companies, 6 April for income tax)**

Industrial/agricultural/hotel buildings allowances are reduced to 3%, on the way to their disappearing from 2011. General rate of plant and machinery allowances falls from 25% to 20%. Long life asset rate increases from 6% to 10%. 'Integral features' (as defined) qualify for 10% allowances. 100% annual investment allowance on first £50,000 of expenditure.

### **Indirect taxes (mostly from 1 April)**

Landfill tax rises from £2/£24 per tonne to £2.50/£32. Aggregates levy rises from £1.60 to £1.95 per tonne. Climate change levy rates up in line with inflation. Vehicle excise duty rates increase from 13 March. Air passenger duty: standard rate for business class only flights from November 2008; change to per plane basis from November 2009. Alcohol duties increased (from 17 March) and tobacco from 12 March.

### **Stamp duties**

Elimination of stamp duty where the charge would be £5 or less (from 13 March).

Relief from SDLT on zero-carbon flats (from 1 October 2007).

### **Benefits**

Increases to tax credits, pensions and child benefits.

### **HMRC powers**

Confirmation of start date of new penalty regime (returns for periods starting after 31 March 2008).

New powers of inspection, entry, set-off and various other matters from 2009.

**Contact us if you want to discuss how these changes may affect you.**

## **Christmas presents?**

In 2006, a total of 84 self assessment tax returns were filed online on Christmas Day.

We thought this was bad enough but this year 489 returns were filed on 25 December 2007.

I guess we know who didn't get very good presents!

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## **Darling – you're barred, say pub owners**

Landlords have begun a campaign to get Alistair Darling banned from every pub and bar in Britain.

The action follows the chancellor's budget which added 4p to a pint of beer, 14p to a bottle of wine, 55p to spirits and 3p to a litre of cider. Pub bosses are also angry that alcohol duty is to rise 2% above inflation every year until 2012.

They claim that the moves will result in the closure of many licensed premises already hit by rising industry costs and the fallout from the smoking ban.

The campaign to prevent Darling having a pint is believed to have been started by the licensees of the Utopia bar on Easter Road in Edinburgh.

A group on social networking website Facebook has attracted over 1,600 people with members encouraged to put up an 'Alistair Darling Barred' poster in their local drinking establishment.

Supporters are also urged to send a letter to the chancellor outlining how his actions "strike at the very heart of British society and rob many communities of their hub".

## The Rules of Time - Brian Tracy

### Time is perishable

This means that it cannot be saved. In fact, time can only be spent. Because time is perishable, the only thing you can do with it is to spend it differently, to reallocate your time away from activities of low value and toward activities of higher value. But once it is gone, it is gone forever.

### Time Is Indispensable

All work requires time. No matter what it is you want to do in life, even looking out a window or sleeping in for a few extra minutes, it requires a certain amount of time. And the time that you take to plan your activities carefully in advance will save you much effort involved in achieving your goals later. The very act of thinking through and planning your work in advance will dramatically reduce the amount of time that it takes you to do the actual job.

### Time is Irreplaceable

Nothing else will do, especially in relationships. Time is the only currency that means anything in your relationships with the members of your family, your friends, colleagues, customers and co-workers. Truly effective people give a lot of thought to creating blocks of time that they can then spend, without interruption, with the important people in their lives.

There is a question: "How do children spell the word 'Love'?" And the answer is "T-I-M-E." It is the same with your spouse, as well. The important people in your life equate the amount of time that you spend with them, face to face, head to head, knee to knee, with the amount that you actually love them.

The more time that you spend with another person, especially a member of your family, the deeper grows your understanding and affection for that person. If you get too busy to spend time with your children, you eventually lose contact with them and they go off into their own personal world of school, peers and other activities.

### Time is Essential for Accomplishment

Every goal you want to achieve, everything you want to accomplish, requires time. In fact, one of the smartest things you ever do, when you set a goal, is to sit down and allocate the exact amount of time that you are going to have to invest to achieve that goal. The failure to do this almost always leaves the goal unaccomplished.

### Boys Toys! USB gadgets you just can't live without

The humble USB ports on your PC or laptop are the doors to an infinite variety of gadgets and delights, if only you know where to look. Try some of these:

At [www.usbnow.co.uk](http://www.usbnow.co.uk) buy a USB fridge to keep a Coke can cool and a mini hotplate to keep your coffee warm or sharpen your pencil with a USB Now's USB-powered pencil sharpener (enhanced with three LEDs that flash as your pencil gets shorter and sharper).

The Vacuum Cleaner Mouse from Japan's **Thanko** will allow you to keep your keyboard and desktop relatively clean with a minimum of effort. However, if you want to keep yourself clean, have a look at their **Dino-Lite USB Microscope** (<http://thanko.jp/usbmicroscope>) which they have masterfully combined with the USB Ear Scope to create one amazing microscoping ear pick.

At [www.everythingusb.com](http://www.everythingusb.com) there is a unique USB Ghost radar, a USB flash memory that they claim detects ghosts. In reality it responds to unusual magnetic waves with audible alerts and flashing red lights.

If all you need is more USB ports, instead of a mundane hub why not go for the **Ubergizmo's** multi-purpose 4-port USB hub with alarm clock and electric letter opener?

[http://www.ubergizmo.com/15/archives/2007/06/multipurpose\\_usb\\_hub.html](http://www.ubergizmo.com/15/archives/2007/06/multipurpose_usb_hub.html)

Worried about unpleasant odours in the office – no problem, thanks to the **USB-powered fragrance oil burner**, available now in four different flavours!

[http://usb.brande.com.hk/prod\\_detail.php?prod\\_id=00332&cat\\_id=035&dept\\_id=015](http://usb.brande.com.hk/prod_detail.php?prod_id=00332&cat_id=035&dept_id=015)

Had to work late but need to make a good impression? The USB toothbrush and shaver will save the day.

<http://www.cio.com/article/130554/5>

Looking for a totally gratuitous item to plug into that spare laptop USB port? "Every now and then we come across a product that is classy, understated and with a hint of sophistication," says **Boysstuff website**, adding "...this is not that product". The USB humping dog comes straight from Japan, the world leader in completely pointless but must have gadgets. To use this dog you simply tear him from his packaging...slip his USB shaft into your computer's USB port and away he goes like he's found a bitch on heat...Don't expect much more from this dog, he's not a flash drive and he doesn't light up, however he will provide you with hours of fun in the office or even on the commute to work.

<http://www.boysstuff.co.uk/product.asp?id=13829&random=&cid=&src=Search>

**Let us know if you have found anything better and we will share it in a future newsletter.**