

# tlp - news

March 2008

The monthly newsletter of The Long Partnership

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

Let's agree a Fixed Price Agreement to set the work and fix the fees for the next 12 months.  
Good idea?  
Give us a call on  
01856 878600

## Quote

"To live through an impossible situation, you don't need the reflexes of a Grand Prix driver, the muscles of Hercules, the mind of an Einstein. You simply need to know what to do."

Anthony Greenbank –  
The Book of Survival

## March Dates:-

12 - Budget Day

19/20 - Alan is in  
Caithness

19 - PAYE due

31- Corporation Tax  
due (April 07 year  
end companies) + CT  
Returns (March 07  
year end companies)  
+ Account to  
Companies House  
(May 07 year end  
companies)

*"I think that maybe inside any business, there is someone slowly going crazy"* - Joseph Heller.

This quote summarises the feelings of many people running a small business. There is so much to do in too little time and so much being thrown at you that sometimes it all gets a bit much. Every small business owner finds their own way of dealing with this.

Sometimes it is just the constant pressure and in others, it is a crisis that you have to cope with. The quote on the left sums up the way you often end up dealing with a sudden crisis, especially when you didn't necessarily see it coming but you have to find a way to cope, because no-one is going to do it for you. You do not need to be extraordinary to cope, you just need to know what to do. That is the time that seeking advice from others is so valuable.

Give us a call, you know where we are. We are here to help, and we will!

There is a fascinating book called the E Myth written by Michael E Gerber. It should be compulsory reading for anyone thinking of going into business! The book explains the conflict between the technician, the manager and the entrepreneur in us all. These different components are present in all of us but in different proportions and so different people approach business differently. At the start of a business the technician in us is in his element, getting the work done and enjoying working hard. But there comes a time in the development of any business when that is not

enough and then the manager and the entrepreneur have to take over. Many businesses stop and choose to grow small again at this point because the person who loves being a technician, finds himself outside of his comfort zone. This is perhaps more prevalent here than elsewhere because so many people are more or less forced to be self employed. We have seen this many times.

Over the years we have seen many people who had to become self employed through circumstances rather than by choice or inclination. Obviously there are those who just do not want to be employed by anyone else. But many others would actually prefer to be on the books, to get on with the work and not have to worry about finding work, billing, collecting money or keeping the bank happy.

The tax system is partly to blame. The system favours self employment because the tax and national insurance burdens for the individual or the person who would otherwise employ them, favour self employment.

Why can't the system be changed so that it is neutral between employment and self employment? Why is there no stomach to address this issue amongst those that could make a difference? Do most MPs and MSP even understand the issues?

If this issue was addressed along with the other thorny issue of employee mobility, there would be more jobs created and fewer people forced to become self employed who do not want to be and are not suited to that life style anyway.

As always, we are here to help if there is anything you need. Just call.

Alan, Helen and everyone at TLP

## **Minimum wage to rise to £5.73**

The main National Minimum Wage (NMW) rate is to rise to £5.73 an hour in October, the government has announced.

Increased in line with inflation, the rate will rise from the current £5.52 payable to workers over 22. The hourly rate for 18-21 year olds will also rise from £4.60 to £4.77, while 16-17 year old employee will see an increase of 13p to £3.53.

Ministers said one million low paid workers, two thirds of them women, will benefit.

Funding for enforcement of the NMW has also been boosted with tough new penalties for rogue employers who underpay staff due to come into force.

Business groups welcomed the decision to not raise the rates above the growth in average earnings as has been the case in the past.

Alan Tyrrell, from the Federation of Small Business (FSB), said: "The FSB has previously welcomed the introduction of a sensibly set national minimum wage.

"We are pleased that the government and the Low Pay Commission have heeded the FSB's past concerns when increases were well above the rate of inflation. A sensibly set National Minimum Wage is in the interests of both employers and employees."

By October 2008, the NMW will have risen by 59% since its introduction in April 1999, against 47% for average earnings growth.

---

## **Budget Day**

**The budget will be on  
Wednesday 12 March**

## **We know where you don't live - HMRC enquire into rental income.**

HMRC is just starting to write to people who own UK property they do not appear to live in and are not declaring rental income. The opening letter is very mild in tone, but a non-response will escalate it into something rather more severe.

This is non-statutory and there is no obligation to reply to the initial letter, but it would be stupid not to do so, especially since there will be many cases where there is no net profit because of mortgage interest.

Under the new penalty regime there may be substantial differences in what you have to pay. If you play hard to get, your penalty is going to be much higher.

This is the shape of things to come, because HMRC is holding an enormous amount of data about property (not just UK property), bank accounts and so on, and is increasing the amount of data it exchanges with overseas tax authorities.

There will still be investigations, but there should be fewer of them and they should be better targeted. Campaigns like this one on rental property will become a major weapon in HMRC's armoury. People who have not declared income from sources such as non-UK property and UK bank accounts would be well advised to go get in touch with us so that we can help them "come clean" with HMRC sooner rather than later.

## **Illegal working changes**

From 29 February 2008, the Immigration, Asylum and Nationality Act 2006 increased the civil penalty imposed on an employer to a maximum of £10,000 (previously £5,000) for every illegal worker employed in the UK. It also introduced a new criminal offence of knowingly employing an illegal worker, with a maximum penalty of two years in prison or an unlimited fine.

Employers can avoid both a civil penalty and committing a criminal offence by checking, on recruitment, that workers have a right to work in the UK.

There are two lists of acceptable documents for checking identity, similar to the lists which employers have used since 1997. List A contains items such as a British passport, which have no time limits on working in the UK. List B contains a list of documents which carry restrictions on the amount of time individuals will be able to spend in the UK. A significant change is that employers will have to carry out annual checks for those workers whose documents appear on List B, such as work permit holders.

## **Employer CD ROM from HMRC - An excellent resource.**

Employers have recently received their year end mailing from HMRC, which includes the free CD ROM, as in previous years. This product has been developed gradually over the years to provide a multi purpose resource.

What will you find:

1. A considerable amount of varied reference material.
2. The ability to sort the PDF content in various ways.
3. Learning packages in the Learning Zone. These are excellent learning tools. Each learning package includes animated graphics when complex issues are demonstrated and a jargon buster, cross referred to the main text by the clever use of colour.
4. A free payroll package.
5. On-screen forms.

This disc is a superb free resource, and those who have never seen it might like to have a look this year!

## **Graham and Mike's Spring Tax tips** (Clarkson Hill Group Plc- Independent Financial Advisers)

### **Pension Planning Opportunities – you must act fast!**

Did you know Pension contribution tax relief reduces this year in April from 22% to 20%? That means putting £100 into a personal pension will cost a basic-rate taxpayer £80, rather than £78. So make sure any lump-sum pension contribution is made before the end of the tax year.

Have you maximised your contributions for the current tax year?

When did you last complete a full independent Pension Review?

### **Individual Savings Accounts – time is running out.**

Ideally, all of us should have three to six months' worth of income stashed away for a rainy day. Cash ISAs make a good home for it. You can put up to £3,000 into one of these tax free accounts, but if you don't use your allowance, you can't carry it over to next year. You can put up to £7,000 (less any savings put into a cash ISA) in an equity ISA, and enjoy any gains free of capital-gains tax.

Have you utilized your maximum ISA allowance for the current tax year?

Do you know the charges currently being taken from your existing ISA portfolio?

### **Inheritance Tax Planning Opportunities**

Did you know that there are investments that will not only give you a return but will also be exempt from Inheritance Tax (once they have been held for a minimum of 2 years)? Alternatively you could consider using a trust to mitigate Inheritance Tax for your family.

### **Capital Gains Tax**

Every year you are entitled to shield profits from selling shares, property etc (currently up to £9,200 each). Have you fully utilized your CGT allowance this tax year? From April this year Taper Relief and Indexation may no longer be available. Bank the allowance now using husband/wife transfers and you will have the benefit locked in for the future. Remember the tax rate for CGT is going up to 18% from as little as 10% now.

---

The value of your investments and any income from them can fall as well as rise and investors may not get back the amount invested. Past performance is not a guide to future returns.

---

***Graham Burns and Mike Burroughs from Clarkson Hill Plc will be taking part in a joint presentation with us at The Ayre Hotel in Kirkwall on 22 April (see next page). A similar event is planned for Thurso later in the year.***

Graham and Mike can be contacted as follows:

Office address is 15-19 York Place Edinburgh EH1 3EB. Tel: 0131 524 6109.

The Clarkson Hill Group Plc is authorised and regulated by the Financial Services Authority.  
The Clarkson Hill Group Plc is registered in England No 4310108 at Alexandra House, 33 Alexandra Road, Wisbech, Cambs PE13 1HQ.

### **Man jailed for 'Jihad on accountants'**

A 44 year-old man from Sittingbourne, Kent, has been sentenced to two years' imprisonment for urging Moslems to launch terror attacks on accountants.

The Old Bailey heard that Malcolm Hodges, 44, had failed an exam set by the ACCA ten years ago, and had been arguing about it with the Association ever since.

In November 2006, he began writing to UK mosques, claiming to be a follower of Osama Bin Laden. "Islamists would be better off declaring a "jihad" against the four accountancy bodies. Striking at these targets will be striking at the infidels where it hurts most".

### **Accountants in Film**

The recorded history of accountancy on the silver screen seems to go back to 1915 with a film called **The Accountant**. The basic details are that the film was made in the US and was unsurprisingly black and white and silent. The star of the film was the exotically named Francis X Bushman who also starred in 'The Ghost of the Invisible Bikini' which sounds like one cool film.

**Here are some others.....**

#### **The Dinner Game (1998)**

Very French movie about a publisher and his friends who all attend a weekly dinner party – the only stipulation is that they each bring an idiot. The one with the most outstanding idiot wins.

When the wealthy Pierre finds an accountant who makes matchstick models, he feels convinced he will win. Not a flattering portrayal of the profession.

#### **Nick of Time (1995)**

At last, a film with a male accountant hero who is neither corrupt, dysfunctional or ridiculous! Guess what? It flopped. Johnny Depp naturally jumped at the chance to play a widowed accountant who takes on two kidnappers in this experimental "real-time" movie.

## A Taxpayers Charter

The Government has recently announced that HM Revenue & Customs (HMRC) will be "...taking forward work with interested parties to develop a Taxpayers' Charter". The Chartered Institute of Taxation (CIOT) has published a policy paper setting out its thoughts on what a Taxpayers' Charter might look like. Here are the highlights. If only it would be implemented!

### Taxpayers' Rights

You have the:

1. Right to be presumed honest and compliant
2. Right to be treated fairly, to Human Rights and European Community freedoms
3. Right to professional service and assistance
4. Right to your information
5. Right to appeal or review
6. Right to be represented and advised
7. Right to preserve privileged communications from disclosure
8. Right to privacy, confidentiality and trade secret
9. Right to complain
10. Right to an effective remedy and compensation
11. Right to minimise compliance costs. Right to entitlements, deductions, allowances and refunds
12. Right to minimise your tax liability
13. Right not to be subject to retrospective taxation
14. Right to request a payment plan

Anyone who would like a copy of the full document (62 pages) should contact us and we will send a copy (email or post).

### .....and finally; Learn to Say NO!"

Every time you say yes to something that's not important, you're saying no to something that is important. "Yes men" and "yes women" never create anything great. There's huge value in getting good at saying no.

Saying no to the extra project which you don't have the time to devote all your energy, enthusiasm and passion to because of other commitments and priorities. Saying no to the social obligations that drain quality time from other activities.

You can't be all things to all people. Know your priorities. Know your goals. Know what needs to get done over the coming weeks, months and years for you to feel that you've played your best game.

...And say no to everything else. Sure some people around you might not be happy. But would you rather live your life according to the approval, rules and demands of others or be aligned with your truth, your dreams and your goals?

## **Ayre Hotel—22 April 7.30 for 8.00**

A joint presentation by The Long Partnership and Clarkson Hill Plc

8.00 Welcome and introductions

8.05 Bookkeeping software **ANYONE** can understand....and free!

8.30 Current issues in investments and tax by Graham Burns and Mike Burrowes of Clarkson Hill Plc, Independent Financial Advisers.

There will be an opportunity to talk to Graham, Mike and us over coffee or a glass of wine and some light refreshments following the presentations.