

tlp - news

March 2009

The monthly newsletter of The Long Partnership — www.thelongpartnership.co.uk

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

We want you to succeed. We know our products and services have helped clients' success in the past. Our intent is always to find a solution that exactly meets your needs. This helps to ensure a good fit between what we do and what you need. If there is a good fit, let's work together.

Call us on:

01856 878600

or 01847 890304

Quotes

"Many of life's failures are people who do not realize how close they were to success when they gave up. "

Tomas Edison,
Inventor-

Dates:

5 Alan in Stronsay

9 Alan in Westray

Alan & Helen are both in Kirkwall and Thurso every week.

Baying hounds! When you turn on the radio or television all you seem to hear is whether the former Chairman of The Royal Bank of Scotland should receive a pension. The press and everybody else seem to have it in for him but why? He was Chairman of a very successful business. Some parts are still very successful. There were errors of judgement agreed, but is he to blame for everything that went wrong or is he just the whipping boy for all that went wrong in the whole banking system. When you or I go to the bank, how many people are involved in any decision making process. How many of RBS' senior management should bare some of the responsibility for what happened to the bank. And tell me, why does Gordon Brown feel the need to weigh in and try and stop this poor guy's pension? Politics, don't you just love it!

Anyway, back in the small lives of the rest of us where we would be quite happy to earn, through hard work and endeavour, just 10 per cent of the pension of the former RBS Chairman. The daily toil goes on. Day after day, week after week, month after month, until what? Where are you going? Do you know or are you just following everyone else? We know where we are going, do you? Everyone needs a goal, something to aim at.

Speaking of achieving goals, you have to take your hat off to someone like Andrew "Rob Roy" Banks. Lesser men would have given up long ago and got a job at Northlink, or perhaps not. First he hatches a cunning plan to take on a state subsidised ferry operator head to head, with a rusty old ferry, and then, believe it or not, he goes and gets a new multi million pound ferry built. I cannot imagine how many people must have told him along the way that it would not work. Remember what was said back when a ferry link to Gills Bay was first proposed nearly 20 years ago. Single minded, overcoming one obstacle after another, battling on. What an inspiration to the rest of us! If he gave up now, I don't think

anyone would think less of him but somehow I do not think that is going to happen.

If only there were a few more like him with guts, flare and dogged determination (I wonder what his wife calls it?). What a difference it would make.

Speaking of which, the developments around the Pentland Firth generally seem to be waking a sleeping entrepreneurial tiger on both sides of the water. We are seeing people planning and scheming to take advantage of the new opportunities that renewables and other developments can bring. Don't get me wrong, I think our environment is very important. After all, it is where you and I want to live, work and grow old (or is that older?). But, we must not lose sight of the fact that people, like you, me and our families, are important. I think that the risk of some damage to the local environment or wildlife should be accepted (my view, you may not agree). I do not want to be at the mercy of a bad tempered Russian or an Arab for my heat and light, my ability to develop, my well being and my families future. Ok, I'll put my soap box away now.

In a small way the development of community wind turbines is part of this new entrepreneurial spirit that we see wherever we go. People of vision in these communities have lit a torch that will shine for generations to come. It would not surprise me to see some of these same people grasping other opportunities, going further and using their experience and new found skills either to develop new community ventures or making the transition to commercial developments.

The money that these community turbines will bring will allow communities to make social investments for the benefit of their own community and also develop further money making ventures either directly or indirectly and to grow still further. And what is it all for, after all, I hear you ask. It is the same as any entrepreneur...financial security and a sustainable independent lifestyle.

Alan, Helen and the teams at TLP in Kirkwall and Thurso

Night night children everywhere - a goodnight tale from HMRC

The annual distribution of Employers' CD ROMs has not been without event this year, as the outsourced manufacturer of the HMRC free product for employers incorrectly labelled a number of discs.

Several hundred CD's of fairy tales, read aloud in German, were labelled as the 2009 Employer CD ROM, and thus were inserted into Employer end of year packs and distributed to companies and agents over the last week or so.

Those who were quick to load the CD ROM found that no install programme would run, and that the discs contain a selection of goodnight stories.

Employers who ring the Employer Helpline are being sent replacement discs.

Now who needs extra German homework?

State owned banks - the offshore issue

Pressure is mounting for an investigation into the offshore activities of the now state owned banks. The story broke last month on the BBC Radio 4 programme File on Four, which covered a range of issues about risk in the banking sector.

Now that the banking crisis had come home to roost with the UK taxpayer picking up the tab, the issue of offshore activities has become an essential issue, because location of the remaining assets in the banks would be all the more difficult due to the complex offshore routing of the assets.

The Sunday Times reported on 1 March that opposition MP's were pursuing the issue and requesting a full investigation by Government into the offshore behaviour of state owned banks.

The French President has also questioned the use of offshore structures by rescued banks, and it would seem that pressure is building for action.

Mobile phones and Blackberries – Benefits in kind?

A single mobile phone provided by the employer on which an employee can make private calls is tax free. The exemption does not apply if the phone is in the name of the employee, and the phone will be taxable to the extent that it is used privately.

If an employee has a second phone in the company name on which private calls are made this is fully taxable.

BlackBerrys and other PDA's are regarded as computers, not phones, but you should bear in mind that with advances in telephone technology this could change. The mobile phone exemption will not therefore apply to these.

Computing the benefit in kind

Where a phone is taxable, the first step is to accumulate the total of all of the bills for the tax year. This total can be reduced by deducting the costs which relate wholly and exclusively to the business use. Air time charges (minimum contract price) are not wholly and exclusively business where the phone had private use so, on a strict interpretation of the rules, no deduction is available in respect of the basic contract charges. Only "out of bundle" minutes relating to business calls would therefore be deducted, leaving the full contract payments plus any private out of bundle minutes as the taxable benefit.

There would also be a benefit calculated at 20% of the list price of the handset, but as these are often free of charge in relation to contract phones, this may not be an issue.

Phone in employee name

Where the phone contract is in the name of the employee, the benefit is calculated in the same way as described above, so no deduction is available for contract charges. However, the payments made by the employer should really be put through the payroll, as the phone is not taxed under the benefit in kind rules. The company is paying a liability due by the employee, and this counts as pay for tax and NIC purposes and Class 1 NIC are due from the employee and employer.

And the VAT

When the phone is in the name of the employer, VAT may be recovered in respect of the business use. If the phone is in the employee's name then no VAT is recoverable, as the VAT is not incurred by the employer.

The Business Wisdom of Computer Games....

There's more to computer games than you think. They can teach you management skills and could help you identify and promote good management practice. In the US, the average age of gamers now stands at 35 years old - prime years for developing executives and senior managers. Personal development software can cost serious money but there are some everyday games that can teach you important lessons. Here are four computer game classics and the management lessons that can be learnt by playing them.

Tetris - Lesson: Finding a gap in the market

The objective of this wall building game is to find a gap that will accept one of seven different shapes. Completing lines within the wall removes a layer. This simple concept encompasses everything from fitting people (or shapes) into the right places, to look for gaps in the market to exploit.

The Sims 2 - Lesson: People management

People skills are key to successful management, and this is an ideal environment to exercise your softer side. Having created a "Sim" (a virtual avatar), your objective is to develop a positive and fulfilling life, meet a spouse, start a family, get a job, maintain a house. What better way of becoming a successful people manager than practising your techniques on a virtual family.

Civilization IV - Lesson: Strategy and growth

Civilization is ideal for people who want to take over the world! After choosing an ancient tribe and a key technologies of your era you build a world-conquering civilisation over several millennia.

Guitar Hero World Tour - Lesson: Teamwork

World Tour gives four people the chance to form their own band and tour the virtual world playing tracks from rock's biggest acts while teaching you teamwork. And, if you don't make the grade, blame the lead singer.

...or is this just a lame attempt to justify playing on the computer instead of working!

Why every business should outsource its bookkeeping

Bookkeeping, why do you do it? If you were asked that question, what would be your answer?

Perhaps you see it as a necessary evil or as part of "my job as an unpaid tax collector". Do you think of it as just another overhead to get done as cheap as possible? Does it serve no useful purpose in earning money or in running your business? Perhaps you just do it to keep your accountant's fees down. If this is you, read on. I want to change your attitude to bookkeeping and bookkeepers and, more importantly, increase your profits!

Question? How can you improve your profits?

1. Reduce costs?
2. Increase turnover?
3. A Bit of both?

But, without turnover why bother reducing costs? Without turnover do you have a business? Where do you get sales? Who is the driving force in finding new business? Questions, and more questions.

What would you pay me to increase your profits by 10 percent, by 20 percent, by 50 percent or more? Let me explain.

In your business who is the best person, in your view, to earn money, source new customers, sell more to existing customers, improve efficiency, sort out problems? Is this you?

What do you need most to enable you to do these things? Do you need time to get on with the important things and accurate reliable information, without hassle, so that **you** can manage your business and take those important decisions that will earn you more money. Now, I am not saying that I have all the answers but I guarantee that I have one very simple solution that will make a big difference to the way you do business, the ability of your business to prosper and ultimately your profits....and your life!

Question : Do you do your own bookkeeping? If the answer is "YES".....you need a bookkeeper. If you have a bookkeeper, are they making you money? Do they release you to do what you need to be doing? If not, get rid of them fast!

What is your bookkeeper? Your bookkeeper is your top fee earner, your best salesman, your top profit generator, your best administrator. They are indeed you! But how? Think about it. When you have the right bookkeeper, it releases you to do the things that you are best at and that only you can do. A bookkeeper walks into your office and liberates the most effective decision maker in your business to make decisions and take actions that will increase profitability. Liberates you to go and sell, to sort, to develop the business, make decisions, or just plain relax and recharge your internal batteries. You have brought in a bookkeeper but you have created a profit generator. Therefore,

Bookkeeper = Top money earner = Profits

You have finite energies, so you must concentrate on what you and only you can do, because everything else, including bookkeeping, can and should be done by somebody else.

So, your business needs a bookkeeper, but it does not need another employee, another wage, another person to get sick, holiday entitlement, Statutory Sick/Maternity Pay, time off just when you need them most, Employers National Insurance, and the rest, and its getting worse!..and worse!!

How can we help? We can free up time, for your best "employee", to get on with what you do best. with the information that **you** need.

How can we help? Always there, .always available, always the same, always reliable, .never get sick, don't take holidays! **The perfect employee! NO Health & Safety, NO employment laws, NO PAYE, NO hassle.**

So, what would you pay me if I could give you more time to approach new customers, look after existing customers better, develop new revenue streams, cut out some of the **c**p** in your day so that you can spend more time with your family, improve your work life balance, make you a happier person ...more! What would your spouse or partner pay me?

Business owners call for Brown's resignation

A group of nine business owners, led by Pimlico Plumbers managing director Charlie Mullins, has formed a petition calling for Gordon Brown to resign over claims that he has left UK industry 'drastically ill prepared' for the recession.

The group said Mr Brown's leadership had been a 'catastrophic failure' and that he had actively encouraged the banks' risk-taking culture. The group plans to start an online petition and eventually deliver their complaints to Downing Street.

Mullins said: "Small businesses contribute a lot to the economy, and yet the government is taking no notice of us. For more than a year now we have been saying that the economic situation has been getting worse, but when the recession finally started to hit three or four months ago, Gordon Brown said that it had taken him by surprise. He's been involved in the country's finances for more than 10 years, how could he not have seen it coming? The way things are going now, everyone's going to lose their businesses and homes. In business, the man at the top is held responsible. He's the man supposedly in charge. We think it's time for him to do the honourable thing and stand down."

Source: Accountingweb

Get ready to change your HMRC payment details

HMRC is moving to new bankers during 2009 and as a result all businesses and individuals who have automatic payments set up with their own banks will need to check the payment references when they make payments.

The move will not be a "single date" change, but information about the move will be added to the What's new area of the HMRC website during the year.

Meanwhile, those who pay HMRC by direct bank transfer are asked to check the "Paying HMRC" pages regularly to ensure that they make the necessary changes at the appropriate time.

Tax Planning Tips and Tricks....

Second Homes and Capital Gains Tax

Tell HM Revenue & Customs which of your properties should be treated as your main home for tax purposes when you buy a second (or even third) home. The property that has always been your main home is free of capital gains tax (CGT). Any other properties which have not always been your main home, but where you have lived for part of the time, will have some tax exempt periods and there may be advantages where you have elected for it to be your main home. Also remember that for any property that was your main home at any time, the gain for the last three years of ownership is free of tax, even if you did not live there during that final period. Speak to us if you think that this might affect you.

Getting hitched and you have 2 houses

If you are getting married and you and your partner own separate properties and continue to live in both homes, you need to nominate one of them as your main home within two years of the marriage/civil partnership. Once married, you can have only one main home between you for tax purposes. So nominate the one that is likely to make the most use of your CGT exemption, otherwise HMRC will designate the property you occupy most.

Planning to Start a Business. Think First!

Think about how you should start your business, as a sole trader, partnership or limited company.

Companies still have tax advantages but generally only when the business has started to make a profit.

With a new venture, you might expect to make losses in the very early years. As a sole trader or partnership, your losses in the initial years can be set against your other income in those years, or carried back to set against your income in the three years before you started the business to obtain tax refunds.

VAT Flat Rate Scheme

If your business has few costs and overheads, and your turnover is less than £150,000 a year you can opt for the Flat Rate Scheme. The VAT you pay is calculated by multiplying your gross sales by a flat rate determined by the business sector you work in. Purchases are ignored, so the scheme is very simple to use. There is a further 1% reduction if you start using the scheme from Day 1.

Check your National Insurance Contributions

If you have more than one job, or if you are both employed and self-employed at the same time, you may overpay NICs during the tax year. You can reclaim any overpaid NICs from HMRC after the end of the tax year. You can also avoid the overpayment arising by deferring payment of NICs on one of your jobs if you complete the form in the HMRC leaflet CA72A (employees) or CA72B (self-employed).

Couples and income splitting

If you have a company and you and your spouse or civil partner are both involved in managing it, it makes sense for both of you to be directors as well as shareholders. The government wants to prevent people from saving tax by having their company pay dividends to a lower taxed spouse or partner, known as 'income shifting'. If you are both directors and take part in running the business, you are less likely to be caught by the laws that try to prevent income shifting.

Check your PAYE tax code.

Up to a quarter of all PAYE tax codes are incorrect when issued. HMRC may have included an estimate of your unearned income that means you will pay tax on that income earlier than you would through your self-assessment tax return. You can ask HMRC to remove this estimated income and also correct any other errors.

The Right Time to Buy Equipment

Plan the timing of purchases of new plant and machinery in order to maximise the benefit of the new Annual Investment Allowance (AIA). From 1 April 2008 (corporation tax) or 6 April 2008 (income tax), all businesses, regardless of size, will be able to offset against taxable profits the full cost of the first £50,000 per annum spent on plant and machinery (other than cars).

Where businesses spend more than £50,000 in a 12-month period, the excess will attract writing down allowances, generally at the rate of 20%. So it may be more tax efficient to plan the timing of your expenditure to within the £50,000 limit for each year. AIA apportioning for the accounting periods straddling April is likely to come in at under the £50,000 threshold.

The Long Partnership

Would you like to fix your professional fees for the next 12 months, know that you will not be charged any extras unless you have been given a price for them in advance, and pay in 12 simple monthly instalments by standing order.

Interested?

Give Alan or Helen a call to discuss our Fixed Price Agreement option. We will be happy to meet to discuss your requirements for the year ahead and give you a price there and then!

Call 01856 878600 or 01847 890304 to arrange a free, no obligation meeting.

Roll all your requirements into one simple monthly payment.