



Compass Accountants

Newsletter January- February 2015

Helping you to shape your future, not just accounting for your past...

TaxAngles - For proactive tax planning

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Work out your tax position sooner rather than later

If you are required to file a Self Assessment tax return there are compelling arguments to support the notion that you should calculate your tax position as soon as you can, after the 5 April. Don't forget, it is possible to work out your tax position for 2014-15 and consider your planning options before you file the return. We can certainly undertake this for you.

By the end of May or early June 2015 you should be able to draw together most of the information you need to complete your return for 2014-15.

Here are four reasons why you should seriously consider this early-bird approach, and there are many more:

1. You will be aware of any underpayment

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Is your income approaching £100,000?

If you estimate that your taxable income for 2014-15 will marginally exceed £100,000, perhaps for the first time, you should consider your options.

If your income does exceed £100,000 then for every £2 that your income exceeds this amount your personal tax allowance will be reduced by £1.

As the basic personal allowance is £10,000 for 2014-15 this means that when your income is £120,000 or greater, you will no longer qualify for a basic personal allowance. Any steps that you can take to keep your income below £100,000 will potentially save you income tax at the marginal rate of 60%.

For example, you could consider negotiating a salary sacrifice arrangement with your employer or additional pension contributions. Maybe, trading salary



for non-taxable benefits such as increased holiday entitlement?

Further, pension premiums and gift aid payments count as deductions in arriving at your taxable income.

If you would like to discuss your options in more detail please call us now.

Quote of the month...

“The past was gone and the future had yet to unfold, and he knew he should focus his life on the present....yet his day-to-day existence suddenly struck him as endless and unbearable”.

– Nicholas Sparks, The Choice

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of tax to 5 April 2015, and more importantly, how you will fund the payment that will become due on or before 31 January 2016.

2. If your tax arrears include Income Tax at the higher rates, you may want to consider making a charitable donation before you file your 2015 return. It is possible to carry back charitable donations made after the 5 April 2015 as long as you make the claim before you file. Knowing your tax position at an early date will give you an opportunity to consider this option.

3. If you have overpaid tax for 2014-15 why leave it in the Treasury's bank account? Getting the job done as soon as you can, after 5 April 2015, should ensure your refund is quickly received.

4. Your second payment on account for 2014/15, which is due by 31st July 2015, is based on your taxable income for the 2013/14 tax year. If your income has fallen, you may be able to reduce this payment in line with the actual amount due.

Topping up your state pension

The Government has indicated that it wants to offer more to existing pensioners and people who reach State Pension age before 6 April 2016, when the single-tier pension is introduced.



To achieve this, a new Class 3A voluntary contribution will be available from October 2015 to April 2017.

The Class 3A contribution will allow people to top up their additional State Pension. The rate of contribution, which will be a lump sum payment, will be set at an actuarially fair rate that ensures that both individual contributors and the tax payer get a fair deal.

The scheme will only be open for a limited period as it is expected that most people who want to take-up Class 3A entitlement, will do so in the first few months.

You may want to consider the effects this may have on your State Pension at retirement.

Planning your business year end

Most of the tax planning that can be employed to reduce your business tax liabilities needs to be considered and implemented prior to your year end date.

If you are in business, you should consider at least one planning exercise with your professional advisor before the end of the tax year. This should be a priority.

Here's why:

1. When deciding on whether (or not) to make a purchase of equipment or a vehicle, you should carefully consider the tax effects this may have. There are significant investment allowances available and appropriate actions can result in cash flow advantages - securing tax relief sooner rather than later.



2. In a similar vein, there is still an opportunity to maximise tax relief by considering the timing of significant overhead payments that are not recurring – for example, repairs to a plant/ buildings or payments for significant training costs. Should you commit before or after the tax year end?

3. If you operate your business as a limited company, have you ensured that you have sufficient post tax profits, for the current year and brought forward, to cover dividend payments to shareholders?

4. Again, in a company environment, are directors' loan accounts overdrawn? Can this be rectified before the end of the trading year? What are the personal and Corporate Tax consequences?

For many of our business clients this pre-year end planning is the norm – an essential part of our service. If you would like to organise your planning session please call us so we can have a discussion. Once your trading year ends, or the tax year end passes, opportunities to save tax may be lost.

Changes to the Construction Industry Scheme (CIS)

The government has announced that it will implement a package of improvements to the CIS.

The stated aim of the changes is to reduce the administrative and related cost burden on construction businesses. The measures should result in more subcontracting businesses being able to achieve and maintain gross payment status, thus improving their cash flow. These changes are to be implemented in stages.

From 6 April 2015 the following amendments will be made to the system:

- The requirement for a contractor to make a return to HMRC -even if the contractor has not made any payments in a tax month- will be removed. Contractors may make a voluntary nil return but will no longer be obliged to do so.
- The requirements for joint ventures to gain gross payment status will be relaxed where one member already has this status and that firm or company has a right to at least 50% of the assets, or the income, or holds at least 50% of the shares, or the voting power in the joint venture.

- Earlier repayments can be made to liquidators in insolvency proceedings. Currently where a subcontractor is a company, no repayment of any amount deducted and paid over to HMRC by a contractor can be made to the subcontractor until after the end of the tax year in which the deduction was made. These rules will be amended so that in certain cases where the amount deducted by the contractor is excessive, a repayment can be made during the tax year.

- From 6 April 2016 further changes are proposed:

- Mandatory online filing of CIS returns will be introduced with the offer of alternative filing arrangements for those unable to access an online channel by reason of age, disability, remote location or religious objection.
- The directors' self assessment filing requirements will be removed from the initial and annual compliance tests.
- The threshold for the turnover test will be reduced to £100,000 in multiple directorship situations.

From 6 April 2017 mandatory online verification of subcontractors will be introduced.

HMRC reveals worst excuses for late filing

From a financial advisor who is too busy leading the free world to light-fingered colleagues, HMRC has revealed a list of the all-time worst excuses offered for late filing of January 31 tax returns

Many excuses claim someone else was to blame for the taxpayer's tardiness, HMRC said today. Tax payers can appeal against a late penalty, and legitimate excuses are accepted. But, among those which made up unsuccessful appeals were:

1. My pet dog ate my tax return...and all the reminders.
2. I was up a mountain in Wales, and couldn't find a postbox or get an internet signal.
3. I fell in with the wrong crowd.
4. I've been travelling the world, trying to escape from a foreign intelligence agency.
5. Barack Obama is in charge of my finances.
6. I've been busy looking after a flock of escaped parrots and some fox cubs.
7. A work colleague borrowed my tax return, to photocopy it, and didn't give it back.
8. I live in a camper van in a supermarket car park.
9. My girlfriend's pregnant.
10. I was in Australia.



All outstanding 2013/14 tax returns must now be submitted online, as the October deadline for paper-filing has now passed. HMRC Director General of personal tax, Ruth Owen, said, "People can have a genuine excuse for missing a tax deadline, but owning a pet with a taste for HMRC envelopes isn't one of them."

Client Focus - Town Planning and Urban Design LTD



Efficient town planning and creative urban design enables us to develop buildings and spaces that contribute to the overall improvement of our environment. However, despite the Government's drive to

simplify the planning system, applying for and obtaining planning permission can still be a complex and sometimes frustrating process.

After 28 years of processing major planning proposals and assessing the feasibility of a wide range of new developments, Steve Lawrence has developed an independent planning consultancy designed to help individuals, organisations and local authorities with all aspects of planning and development.

Steve's company, 'ACHIEVE - Town Planning and Urban Design', was launched in 2013 with the aim of assisting with all aspects of development including planning applications and appeals, site appraisals, design advice, enforcement, negotiation and policy formulation/evaluation.

As an independent planner, Steve has worked on projects across 15 different local authorities over Southern England, assisting them with the planning of buildings, structures and the use of land.

Steve offers realistic and pragmatic advice to his clients on the best way to achieve planning consent, and also gives advice to those seeking to resist inappropriate development which does not comply with the area's planning policy or guidance.

The projects Steve has worked on range from individuals seeking planning permission for residential projects (offering advice on how the council will perceive and receive a proposal), right up to working on larger projects such as the approval of IKEA in Southampton.

When Steve became an independent planner, he sought the advice required when launching an organisation such as ACHIEVE, and it was then that he became a client of Compass Accountants.



“As soon as I launched the business in 2013, Compass Accountants were recommended to me.” Steve explains. “I sat down with a member of the Compass team and they immediately gave me direction in terms of how to make my first steps.

“Compass assisted me in making all the basic decisions such as whether it was beneficial to be a sole trader or limited company. They also helped me register the business, and gave me all the necessary advice I required at such early stages of developing a company. They gave me practical advice on how to consider and structure my fees and also helped me make all the right forecasts for my business, such as how much I would realistically earn in the first year.”

“Compass Accountants continue to offer me important guidance. Whenever I have a query or need help with anything, they are always there to advise me. If anyone was about to launch their own business, I would immediately recommend Compass for their valuable advice in making those first steps.”

To contact Steve call 077 0973 0681
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Introducing.... Spencer Butt- PressPlay PR

Each month, we plan to introduce a new contact to the Compass Newsletter readers, offering a brief insight into the services they offer. This month we would like to introduce, PR and Communications Consultant, Spencer Butt, who offers a freelance service to businesses and charities of all sizes.

PR, copywriting and communications - without the cost or commitment

PR and Communications have become a vital aspect of marketing for most organisations, regardless of size or sector. However, as we all know, finding the time to maintain activities such as updating social media, distributing news, writing blogs, drafting articles and composing award entries, can be extremely difficult.

In an ideal world, these activities would be passed over to your press officer or communications executive, allowing you to focus on the running of your business, without sacrificing the high profile and vital exposure of your organisation. But, as we all know, the salary of such an in-house position is hard to justify when running a small to medium sized business.

Having spent many years working in PR, (in both in-house and agency roles), it struck me that there was room for an amalgamation of these roles, one that would allow any businesses to have instant access to the skills and expertise they require, minus the cost and commitment.

This way, if a company had news to shout about, a new case study to be drafted, a white paper to be written, or a regular blog composed, all they would need to do is pick up the phone.

I have developed my freelance service to allow companies to have the benefits of an in-house communications executive, a virtual press office, an in-house copywriter, a blogger or PR Executive- as and when they want, for a monthly period of time that they choose.

As a freelancer, I have helped charities to gain national coverage, led national radio and regional television campaigns and managed several product launches. I have also enabled SME's to gain coverage in trade publications through editorial pieces, that ordinarily, their bigger competitors would have dominated. Many of my clients have also benefited from local, national and trade exposure, and many of these have also been named winners of various industry awards.

I believe that PR is an essential marketing tool that doesn't have to be an unaffordable luxury, therefore I have designed my service to be an alternative solution for organisations who wish to maintain a high profile, but at a low cost.



To find out more about Spencer's freelance service visit: www.pressplaypr.co.uk

Or, contact him on 07941876517 email spencer@pressplaypr.co.uk

Tax Diary January 2015 / February 2015



1 January 2015 - Due date for Corporation Tax due for the year ended 31 March 2014.

19 January 2015 - PAYE and NIC deductions due for month ended 5 January 2015. (If you pay your tax electronically the due date is 22 January 2015.)

19 January 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 January 2015.

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19 January 2015 - CIS tax deducted for the month ended 5 January 2015 is payable by today.

31 January 2015 – Last day to file 2013-14 Self Assessment tax returns online.

31 January 2015 – Balance of Self Assessment tax owing for 2013-14 due to be settled today. Also first payment on account for 2014-15 due today.



1 February 2015 - Due date for Corporation Tax payable for the year ended 30 April 2014.

19 February 2015 - PAYE and NIC deductions due for month ended 5 February 2015. (If you pay your tax electronically the due date is 22 February 2015.)

19 February 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 February 2015.

19 February 2015 - CIS tax deducted for the month ended 5 February 2015 is payable by today.

Contact us

For further information on any of the stories in this month's newsletter, or for any other matter that Compass Accountants can assist you with, please contact Jeff Walton on 01329 844145.

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