



Compass Accountants

Newsletter - October/November 2015

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

TaxAngles - For proactive tax planning

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The VW emissions fiasco

Many owners of VWs will be peeved that they may have been misled if the recent revelations regarding published CO2 levels are confirmed: they will be driving cars that are not as environmentally friendly as they were led to believe.

VW have admitted that as many as 1.2m of its vehicles sold in the UK have been fitted with software that cheated emissions tests.

It is likely that the CO2 ratings of the affected vehicles will be increased, and the Treasury has recently announced its reaction to the issue.

Benefit in kind tax is based on the list price of a vehicle when new and the CO2 rating. If the engines are diesel powered there is also a 3% surcharge. Accordingly, if the CO2 numbers increase, so too will the company car driver's Income Tax charge. However, HMRC have confirmed that no one will pay extra tax as a result of this scandal. See quote from the Transport Secretary below. In theory, HMRC could recalculate benefit in kind charges for previous and future years on the basis that the percentage benefit used was understated. Fortunately, common sense has prevailed.

Transport Secretary Patrick McLoughlin said:

'Our priority is to protect the public and give them full confidence in diesel tests. The Government expects VW to support owners of these vehicles already purchased in the UK and we are playing our part by ensuring no one will end up with higher tax costs as a result of this scandal.'



Less is more

In order to increase tax revenues the Treasury is faced with a conundrum:

- To increase rates of tax charged and hope that this does not prove to be a disincentive to increase profits and investment, or
- To decrease rates of tax charged and hope that this proves to be a stimulant to business growth.

The Financial Secretary, David Gauke, recently made the following remarks at an international tax conference:

"The results we are seeing on the ground since we started cutting Corporation Tax have been very encouraging. We've seen business investment increasing – with a record number of inward investment projects last year – and some early signs of improvements in productivity..."

And, interestingly, we're also seeing Corporation Tax receipts strengthening.

Between 2010 and 2014 – that is, during the time that we cut the headline rate from 28% to 21% and cut the small companies rate – annual receipts increased by 12%.

And if you strip out the financial services sector (where receipts have been heavily affected by losses built up in the financial crisis), Corporation Tax receipts rose by 16% between 2010 and last year. That's a real terms increase in receipts over a period where the headline rate has been cut by a quarter."

So maybe less is more?

Quote of the month...



"This time, like all times, is a very good one, if we but know what to do with it". - Ralph Waldo Emerson - Essayist and Philosopher.

Business rates

There are still reliefs you may be able to claim that will reduce your business rates. The process depends on where you are based:

Business rates relief in England

You will need to apply for these reliefs at your local council:

- Small business rate relief
- Rural rate relief
- Charitable rate relief
- Enterprise zone relief
- Retail relief

Exempted buildings and empty buildings relief is automatically applied by your local council.

Some local councils give extra discounts. For example, you may be able to get hardship relief or transitional rate relief if your business meets certain criteria.

Business rates relief in Scotland

Your local council will automatically apply some reliefs, but you might need to complete an application form for other reliefs. You have to apply for the following discounts:

- Small Business Bonus Scheme
- Fresh Start
- New Start
- Rural rate relief
- Charitable rate relief
- Disabled persons relief
- Enterprise Area relief
- Renewable energy generation relief

Some local councils provide an additional hardship relief if your business meets certain criteria. Contact your local council to find out more. You should also contact them if you're not getting any reliefs you think you're entitled to, if your circumstances change or the property changes hands.

Business rates in Wales

Some premises will be exempt from business rates, while others may qualify for:

- The small business rates relief scheme
- The charitable and non-profit organisations rates relief
- Relief on empty properties

Your council can also grant hardship relief to businesses if they believe that it is in the interests of the local community to do so.

Business rates in Northern Ireland

There are a number of reliefs available to business ratepayers in Northern Ireland. These schemes include:

- Small Business Rate Relief
- Empty Premises Relief
- Small Business Rate Relief for small Post Offices
- Charitable Exemption
- Sport and Recreation Rate Relief
- Residential Homes Rate Relief
- Industrial Derating
- Non-Domestic Vacant Rating
- Hardship Relief
- Automatic telling machines (ATMs) in rural areas

You can find out more about eligibility and how to claim by talking with your local council.

The end is nigh!

There is barely three months left until the deadline for filing Self Assessment returns for 2014-15 passes. After 31 January 2016 automatic late filing penalties will apply.

Unfortunately, on the same date, 31 January 2016, you will need to settle any outstanding tax owed for 2014-15 and make a payment on account for 2015-16.

Readers who have not yet filed their 2015 return should reflect on this: is it better to know how much tax you will owe sooner rather than later – you will, after all, have more time to gather funds.

From your accountant's point of view, clients who fall into the latter category are difficult to manage as their slow delivery of tax records funnels a last minute rush of activity as the filing deadline approaches.

Could we therefore request clients who have not yet provided tax information to complete their 2015 returns, do so as soon as possible.

One final point. It is, of course, entirely possible that you may have overpaid tax for 2014-15. If this is the case, the argument to file sooner rather than later is a no-brainer: why would you leave your cash in the Treasury's coffers for longer than you need to?

Client Focus - Paul Morrison

Having recently made the jump into self-employment, Paul Morrison launched his own window cleaning business Morrison Window Cleaning offering a mobile cleaning service across various areas in Hampshire. We catch up with him to discuss making the jump from full-time work to self-employment...

Just over a year ago, Paul Morrison was working as an HGV driver for Fareham Borough Council. One afternoon, whilst playing golf with a friend who had left his full-time job to work for himself Paul began to consider setting up his own business too.

Having made the decision to become self-employed, Paul started up his own window cleaning service. However, in the early stages of launching this business, Paul also maintained his day job, building up the window cleaning round in the evenings when he could. It wasn't long before the success of the round meant he could give up his day job to focus on the window cleaning business full-time.

Based in Portchester, Paul's business grew swiftly, and as it did it also expanded in terms of the areas he covered. He now works across Fareham, Gosport, Stubbington, Lee on the Solent, Titchfield, Portsmouth, Havant, Southampton and many other surrounding areas.

"At first it was quite daunting going from being employed to self-employed although when I look back now it definitely was worth making the move," explains Paul. "Now the business has really developed, I have built up a strong clientele, working with all kinds of properties, from residential to commercial - even schools and care homes."

"Of course, getting started as a small business required a reliable accountant and Compass came highly recommended so I got in touch and they have been of great help with everything ever since. Kerry Lawrance was assigned to manage our relationship, and has helped me with everything I have needed."

"Compass immediately assisted me by helping me to claim for a big refund. Kerry quickly flagged up the fact that the van and equipment I had invested in would qualify as an 'annual investment allowance' and that I was able to offset this against my employment income. They advised me to get my records ready as quickly as possible helping me to get the money back in my pocket in good time!"

"My aim for the next stage of the business is to develop the window round even further and perhaps even look at taking on another member of staff to cope with the work!"

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Kashflow

Paul is currently using KashFlow an online accounting system that works in partnership with Compass. Kashflow has been specifically designed to make running a small business a great deal easier.

As a simple to use, intuitive tool, the Kashflow system helps Compass clients to save time, be more organised and stay in control of businesses finances providing everything you need, from invoicing to filing VAT returns.

Kashflow allows you to:

- Transfer existing bookkeeping and invoicing data
- Easily create and distribute customised invoices
- Simplify credit control
- Provide instant quotes and estimates
- Create reports, charts and graphs
- Automate recurring purchases
- Simplify banking
- File VAT returns and EC Sales lists
- File Year End accounts
- Integrate Kashflow with other software
- Manage your Payroll

Kashflow is 'cloud hosted' so it can be used anywhere, whether it's on a PC, laptop, tablet or mobile phone and you don't need to download software to use Kashflow you simply log in from an internet connected device, and get started.

For more information on Kashflow, call Kerry Lawrance on 01329 844145



Tax Diary November/December 2015



- 1 November 2015** - Due date for Corporation Tax due for the year ended 31 January 2015.
- 19 November 2015** - PAYE and NIC deductions due for month ended 5 November 2015. (If you pay your tax electronically the due date is 22 November 2015.)
- 19 November 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 November 2015.
- 19 November 2015** - CIS tax deducted for the month ended 5 November 2015 is payable by today.
- 1 December 2015** - Due date for Corporation Tax due for the year ended 28 February 2015.
- 19 December 2015** - PAYE and NIC deductions due for month ended 5 December 2015. (If you pay your tax electronically the due date is 22 December 2015)
- 19 December 2015** - Filing deadline for the CIS300 monthly return for the month ended 5 December 2015.
- 19 December 2015** - CIS tax deducted for the month ended 5 December 2015 is payable by today.
- 30 December 2015** - Deadline for filing 2014-15 Self Assessment online to include a claim for under payments (under £3,000) be collected via tax code in 2016.

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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