



# newsletter

JUNE  
2009



## Editorial

Since the last newsletter we have started to see that clients are feeling that the recession looks like it has bottomed out. It would be very brave to claim to be able to see

the "green shoots of recovery" but perhaps things have stopped getting worse for businesses in general.

We have also had an opportunity to reflect on the budget and it is clear that income tax is going to rise for higher earners and the simple tax planning of pension contributions will be less attractive. It would currently seem that this will push people into schemes to turn income into capital gains to secure

**".. schemes to turn income into capital gains ..."**

the 18% tax rates—e.g. incorporating businesses and using companies to hold investment. We anticipate an increase in legislation to counter this—so greater complexity will ensure.

However greater care will be required to avoid penalties—see main story.

■ Andrew Webster

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## Taking Care of your tax affairs

### Changing attitudes of HMRC

In 2005 Customs & Excise merged with the Inland Revenue to form a single department "HM Revenue & Customs" or "HMRC". It was initially denied that this would affect the way that the two branches would deal with the public but it was clear to us that the two departments had always had a different style and that it was likely that one would tend to dominate the new organisation.

Perhaps it is a slight oversimplification to say that the velvet glove has the style of the IR whilst the iron fist is C&E—but it does capture the picture.

The new penalty system (see page 3) aligns the penalties across all taxes.

Although both investigated tax issues many C&E officials also investigated smuggling. Their approach was more robust, often less concerned for the

**"The velvet glove of the IR and the iron fist of C&E"**

subtleties of legal argument. The powers of investigation which C&E have had have now been extended to the whole field

■ Andrew Webster

**Tax Returns, it's that time again!**

**Remember!**

**10% Discount off your bill for complete records received by 30th June 2009**

## New Webform

### Online webform

We have now launched, as part of our Personal Tax services, a new webform which should help you provide the information we require to complete your tax return.

The purpose of the webform is to allow you to send the information online, which will help reduce the cost of administration and in doing so we can then pass the savings on to you. In order to use this service you will require personal log in details which ensure the security of your information. If you would like to try our webform please contact Bryony Baines at bryony@tax.uk.com and a login name and password will be sent to you.

For more information please contact your account manager

■ Jasmin Gibson

## Key dates

### Individuals

#### 31st July 09

- Payment on Accounts due
- Tax Credit renewal submission date
- Surcharge of 5% will commence for tax unpaid since 31st January 2009

### Corporations

#### 30th June 2009

- VAT returns to be filed with period ended 31st May 2009
- Companies House accounts filing deadline for private companies with period ended 31st August 2008



## Fraud Attempts

### Fraudulent emails - what to do when you receive one

We would like to bring to your attention an email scam that relates to a number of scams including tax rebates and which require you to complete an online form; it is in fact a phishing exercise. HM Revenue & Customs have stipulated they would not and do not inform customers of a tax rebate via email or invite them to complete an online form. HMRC urge you not to open the email but if you do please do not visit the website but instead forward the email to them at [phishing@hmrc.gsi.gov.uk](mailto:phishing@hmrc.gsi.gov.uk)

Below is the current list of email addresses used to precipitate the scam:

- successful@gov.uk
- customer.office@hmrc.customsoffice.gov.uk
- tax-service@hmrc.customs.gov.uk
- notify2@hrms.co.uk
- refundtax@hmrc.gov.co.uk
- TaxRefund@hmrc.gov.uk

- service@hmrc.gsi.gov.uk
- claims@hmrc.direct.gov.uk
- notice@hmrc.gov.uk
- hmrc@hmrc.gov.uk
- admin@hmrc.gsi.gov.uk
- info@hmrc.gsi.gov.uk
- no-reply@hmrc.gsi.gov.uk
- refund@hmrc.gov.uk
- Refound@hmrc.gov.uk
- IRS@hmrc.gov.uk
- services@hmrc.gsi.gov.uk
- service@HMRC.co.uk

#### **These are not official HMRC addresses.**

For more information please visit the HMRC website [www.hmrc.gov.uk/security/fraud-attempts](http://www.hmrc.gov.uk/security/fraud-attempts)

■ **Jasmin Gibson**

## Mums urged to renew child tax credits now

### Or you could lose your tax credits

**M**ums currently receiving tax credits are being urged to renew their claim by 31st July, otherwise their payments could stop.

HMRC are urging Mums who currently claim tax credits to renew their claim as soon as possible. By waiting until nearer the time could mean their tax credits will stop as a result of a back log. If you have already received your renewal pack you will need to check the 2008/09 award statement to confirm the information is correct, also letting HMRC know of any changes in your circumstances such as your working hours or pay or childcare details. Also make sure you have all the relevant information if you are employed such as P60 and your pay-slips.

This means they can renew your claim before the busy summer holiday rush.

■ **Jasmin Gibson**

## VAT: Package of changes to the treatment of cross-border supplies

### New reporting and accounting rules

**T**here will be a series of changes to the VAT treatment of cross-border supplies and reporting of cross-border transactions. The measures are phased in with the first changes from 1st January 2010. The changes are complex and further details can be found on our website.

### Increase in VAT registration and deregistration Thresholds

**T**he VAT registration threshold is increased from £67,000 to £68,000 from 1st May 2009. In line with this, the de-registration threshold is increased from £65,000 to £66,000.

■ **Joanne Lamberth**

## Identity Theft

### It can happen to you

A letter came this morning from one of my pension providers. To summarise: "I am writing to let you know of the theft of a laptop computer from the offices of our pensions administrators. The data on it includes personal details such as name, address, date of birth, National Insurance number and, for those in receipt of a pension, bank account details."

In my case the risk is low, as the police think the object of the theft was the laptop not its contents. Also, the file was password protected. Moreover, as the pension is not in payment, my bank account is not known to the pension provider so cannot be on the file.

The pension provider has done what it can - it has reported the theft to the Information Commissioner, and, more important, registered at its own expense all those whose details were on the laptop with the UK Fraud Protection Service (CIFAS) for

three months (longer for those whose bank account has been compromised).

This should make it much harder for anybody who obtains the data to open an account in my name or otherwise steal my identity, but it may also make it harder for me to open a new account or indeed carry out any other transaction with the financial services industry.

Most of us have occupational pensions, and the providers will hold this information. We can't opt out (not if we want to draw the pension!) Probably the response is the best that could have been made. So the practical advice is this: if it should happen to you, make sure the risk to your identity is registered with CIFAS. And take a look at [www.identitytheft.org.uk](http://www.identitytheft.org.uk) <<http://www.identitytheft.org.uk/>> for more advice.

■ **Michael Gray**

## VAT: reversion to the 17.5% standard rate

### Making the most of the 15% VAT rate

**T**he standard rate of VAT will return to 17.5% from 1st January 2010.

It is also worth noting that special rules will be introduced to stop people billing in advance to help customers avoid the higher rate.

If you are not VAT registered then there is an additional advantage in getting this year's tax return done early - since it will be billed before 31<sup>st</sup> December at only 15% VAT.

■ **Andrew Webster**

## Major uncertainty in the rules for establishing UK residence for tax purposes

### Changes to the rules if you live, work or spend time outside the UK

**If you live, work or spend time in more than one country you will be familiar with the rules in HMRC's guidance booklet IR20. You might not know that it has all changed.**

In two high-profile cases, *HMRC v Gaines-Cooper* and *HMRC v Grace*, the basic concepts were challenged and HMRC withdrew IR20 replacing it with much woollier guidance in form HMRC6. This is critical for people leaving or arriving in the UK for whom "the 90 day average rule" has in the past been the linchpin of tax planning. These cases make it clear that the number of days spent in the UK is just one factor in determining a person's liability to UK tax and that even people who spend very little time in the UK may be treated as resident as a result of other factors.

*"How can our clients know if there is anything to report if it's uncertain whether they are liable to UK tax?"*

Until we have the findings and subsequent fallout from the judicial reviews of these cases, scheduled for June, we remain in a state of uncertainty.

"We are in uncharted territory, all we can do is advise clients on how to limit their exposure until the rules are clarified", says Paulette Peterson, International Tax Specialist.

"This uncertainty is wholly unsatisfactory, especially with the looming "New

Disclosure Opportunity" in relation to unreported UK tax liabilities on offshore income and assets. "How can our clients know if there is anything to report if it's uncertain whether they are liable to UK tax?", explained Joanne Lamberth, Senior Tax Consultant.

One of our clients, a pilot, is facing HMRC scrutiny. Although he lives & works out of the UK and spends far less than 90 days here, his family has a home here for the children's education and his position is now far from certain.

For the moment it is a case of "watch this space" for further developments and we would encourage anyone who is currently day counting or living between two or more jurisdictions to **take advice** and reconsider their position.

■ Paulette Peterson

### Change to HMRC Bank Details

Revenue & Customs has changed their bank account details. If you are paying your tax online, you will need to make the payment to:

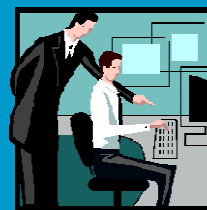
**HMRC Cumbernauld**  
Sort code: 08 32 10 & Account number: 12001039

**Shipley**  
Sort code: 08 32 10 & Account number: 12001020

## Accountability Senior Accounting Officers

Large companies will now have to nominate a Senior Accounting Officer (SAO) who will be responsible for ensuring the accounting systems are capable of delivering an accurate tax report. The SAO will be responsible for notifying inadequacies to the auditors. Both the company and SAO will be liable to penalties if they do not comply with the new rules. Though these rules do not currently affect small companies, they may well be extended to include smaller companies if HMRC feel it is necessary.

■ Jasmin Gibson



## New Look Website

We have recently started to update our website to reflect our growing business. Not only can you now use a search facility but you can also click on any of the main coloured areas to obtain detailed information about that particular area of work. We feel it better reflects the diversity of our business. However it is still under construction so any feed back would be appreciated.

■ Jasmin Gibson

## Spanish CGT Capital Gains tax refund for UK property holders

UK Taxpayers may be eligible to claim the 17% tax overpayment for disposals of Spanish property made in 2005 and 2006. Up until 2007 the capital gains tax payable for non-residents was 35% but after a recent case at the Spanish High Court of Justice the CGT rate was dropped to 18% in line with that for Spanish residents.

■ Jasmin Gibson

## New Penalty regime by HMRC

### Changes to how penalties are calculated

HMRC's new penalty regime for income tax, corporation tax, capital gains tax and VAT is now in operation. The level of penalty applied on unreported liabilities depends initially on the reason the error arose. Provided you can show that you have taken reasonable steps to avoid errors in filing your return no penalty will apply. Your Account Manager can advise you on what would be an appropriate level of care for your situation. Each category in the new regime is assigned a penalty range. As with the old system, the penalty can be mitigated within the range by full co-operation with HMRC.

**Carelessness** - e.g. Bad record keeping or not seeking appropriate advice when necessary. The penalty range is

0%-30% of the unrecorded tax, so up to £300 on a £1,000 unrecorded liability.

**Deliberate but not concealed** - e.g. knowingly failing to record all sales or describing transactions inaccurately. This will incur a penalty of 20%—70% of the unrecorded tax, so up to £700 on a £1,000 unrecorded liability.

**Deliberate and concealed** - e.g. the manufacturing and presenting of false invoices or not declaring all relevant bank details. This will incur a penalty of 30%—100% of the unrecorded tax, so up to £1,000 on a £1,000 unrecorded liability.

■ Joanne Lamberth

## Woodhouse Landscapes Limited

### Natural Swimming Pools

Continuing our theme of client successes we look at Woodhouse Landscape Limited, a business which has seen significant growth in recent years as it pioneered the use of Natural Swimming Pools in the UK.

[www.garden-landscapes.com](http://www.garden-landscapes.com)  
[www.naturalswimmingpools.com](http://www.naturalswimmingpools.com)



**Will Woodhouse**  
Woodhouse Landscapes

#### History of the Business

The director Will Woodhouse worked as a Chartered Landscape Architect for 10 years, before setting up Woodhouse Landscape in 1999, designing and building gardens. In 2002 the company was involved in the design and construction of one of the first natural swimming pools in the UK. Since forming, the business has gone from strength to strength, recruiting 2 further designers and developing a team of

highly skilled landscapers and pool builders. This year Woodhouse won a highly coveted award for a garden and pool from the APL (Association of Professional Landscapers).

#### Business development – pioneering Natural Swimming Pools

In 2002 Woodhouse introduced one of the first natural swimming pools in the UK for clients who could not decide whether to have a swimming pool or a garden pond.

After extensive research Will advised them to use the Biotop system. Biotop, an Austrian company, developed the original natural swimming pool system 25 years ago and have built over 3000 pools in the World. The system combines the use of biology and ecology, technical equipment and plants to clean the pools without the use of chemicals. The pools vary from a 50m<sup>2</sup> dip pool to public pools thousands of square metres, and can be designed in any style. Up to 50% of the surface is used for biological or plant filtration and the rest for swimming. Conventional swimming pools can also be converted to natural pools.

In 2007 Woodhouse built a 250m<sup>2</sup> show pool at their office, where the pool can be tried and tested by would-be clients. This year the open days are being held in conjunction with

the National Gardens Scheme (gardens open for charity), the next date being 30<sup>th</sup> August 2009.

#### The future

In 2008 Woodhouse became the UK Master Partner for Biotop and is responsible for the development and support of the Biotop network in the UK. To date the company has 3 Biotop partners in the UK situated in Hereford, Doncaster and Stroud. Woodhouse are working with Biotop on new technology, constantly improving the system and overall build efficiency, keeping costs competitive.

This year the new Biotop Swimming Pool has been launched. This pool looks like a conventional pool but is in fact a fully-fledged biological pool which requires no chlorine or other toxic chemicals.

#### The role of AW Ltd

Will said "AW Ltd have acted as professional advisors to the business since 2000, steering my assistant Kate and I through the hoops and hurdles of growing the business from one man to a team of 11. After recommending incorporating they dealt with all of the legal and tax requirements and helped bookkeeper Kate in streamlining and improving the bookkeeping systems, which has provided the business with valuable ongoing management information. Since then the business has been supported with its ongoing accounting and tax requirements, been advised on complex business and International VAT aspects and been assisted by solicitor Liz who has drafted a variety of legal documents and agreements."

We wish our client every success in the future and are delighted to be continuing in our role as their professional advisors.

#### ■ **Catriona** **Freebairn**



## Associate news

### Financial Planning services available



As you may already know from our March newsletter, we now have in-house financial planning services. Karen Miles (left) is heading-up the team and we are pleased to announce from June 2009, Karen Miles will now be available at our

10 Wellington Street office the first Thursday of every month commencing 2nd July 2009 to help you with your financial planning needs. We have had very positive comments from our clients who have recently been introduced to our service.

If you would like to arrange a meeting with Karen Miles please contact AWA Financial Planning Limited on 01223 50 70 80.

*"As someone who was already mistrustful of the financial services industry even before the events of last year it was a very pleasant surprise to talk to Karen Miles. She understood my misgivings and presented the options open to me in a factual way without any clichés or spin. I now feel I have the alternatives to hand upon which to act should I wish."*

■ **Jasmin Gibson**

## Contact us

Please contact us with any questions that you may have. Feedback on our newsletter is also always welcome!  
[info@tax.uk.com](mailto:info@tax.uk.com)



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