

newsletter

December 2010



Editorial

It seems a very odd time for HMRC to decide that they are no longer going to send agents copies of notices of coding when there has been so much publicity about the errors in code numbers. So all our clients who have employments (especially those with more than one) need to send us their notices of coding so that we can check them.

“agents .. no longer be sent copies of coding notices”

Many clients assume that any error can only be small—but sadly experience this year has shown that very significant errors have been made—so that clients have a large unexpected tax bill at the end of the year. The move is designed to save cost — and they have promised that some of the savings will be invested in a new online system to check code numbers but this is not due for release until late 2011

■ **Andrew Webster**

Inside this issue

Editorial	1
Pension Tax Relief	1
Key dates	1
Liechtenstein and other disclosures	2
More VAT changes	2
NIC changes	2
The Bribery Act	2
Our team - <i>Trina Hill</i>	3
Working with clients - <i>Anna Colquhoun, Culinary Anthropologist</i>	4

Pension Tax Relief

An update on the new rules

Following the formation of the coalition Government in May 2010, a consultation document was released proposing a new pensions tax regime to replace the changes announced by the former Government. On 14 October the Government released draft legislation for the new pension regime, which will apply from April 2011.

Key points of the new regime:

- The annual allowance for tax relief on contributions to registered pension schemes will be reduced from £255,000 to £50,000 from April 2011.
- The lifetime allowance will also be reduced from £1.8m to £1.5m from April 2012, subject to further consultation.
- The calculation method for determining the amount of pension saving for defined benefit and cash balance arrangement schemes will be changed: the factor used to value deemed contributions will be increased from 10 to 16.
- There will be an annual allowance charge on pension inputs exceeding the annual allowance — essentially the excess will be taxed as the individual's top-slice of income at their marginal tax rate.
- Unused annual allowance will be available for carry-forward from the 3 previous tax years provided the individual is a member of a registered pension scheme in those 3 years.
- There will be no exemption from the annual allowance in the year benefits are taken except in cases of serious ill health or death.
- The special annual allowance rules introduced in Finance Act 2009 will be repealed from April 2011.

What does this mean for you?

For many of our clients the anti-forestalling rules imposed by the previous Government for 2010-11 have resulted in significant restrictions on the level of tax-relieved contributions they have been able to make to their pension funds. Higher-income taxpayers may not have made any contributions in 2010-11 yet. For these individuals it may be better to delay making contributions until 6 April 2011 when the new rules will be in place. Any leftover annual allowance from the three preceding tax years (up to a maximum of £50,000 per year) will be available to gain tax relief for a one-off large contribution of up to £200,000 in 2011-12. This is particularly valuable if you are likely to have significant income in 2011-12.

“annual allowance...reduced from £255,000 to £50,000”

For more information and advice on your pension contributions contact your Account Manager. ■ **Joanne Lamberth**

Key dates

Filing deadline

2009-10 electronic SA Tax returns must be filed by 31 January to avoid late penalties. Any balancing payment due for the 2009-10 and the first payment on account for 2010-11 is also due by now.

Tax dates

30 Dec 10

Last day to submit online returns and have tax <£2,000 collected through PAYE

31 Mar 11

Last day to submit 2009 EU VAT refund claims.



Liechtenstein and other disclosures

What is next?

Liechtenstein Disclosure Facility

The Liechtenstein Disclosure Facility (LDF), part of an ever-increasing suite of HMRC disclosure initiatives, is now in full swing.

Whilst I am sure that none of our clients have undisclosed offshore liabilities, if you do have any concerns now is the time to act. We have the facility to offer meetings under Legal Professional Privilege if you are unsure of your position.

The LDF applies to all undeclared UK tax liabilities for the last 10 years connected to Liechtenstein accounts. Like other disclosure opportunities before it, disclosure under the LDF attracts a fixed 10% penalty and includes immunity from prosecution for tax-related offences in most cases. These terms are only available where the taxpayer:

- 1) Has not previously been contacted by HMRC in connection to the ODF or NDO.
- 2) Has not made an incomplete disclosure under HMRC investigation.
- 3) Has not created the non-UK/Liechtenstein account via a UK branch or agency.

In fact the terms of the LDF are more generous than the previous offshore disclosure opportunities, perhaps reflecting the fact that HMRC believes there to be significant undisclosed UK liabilities in this jurisdiction meriting a strong incentive to disclose. The LDF closes on 31 March 2015.

Where is this all leading?

It is worth noting that the UK Government signed a Tax Information Exchange Agreement with Switzerland in September of last year and it is widely

anticipated that Switzerland may be next. There is no guarantee that the terms of any Swiss Disclosure Facility will be as attractive as those of the LDF.

“we have the facility to offer meetings under Legal Professional Privilege”

In the last 5 years the UK has signed Tax Information Exchange Agreements with many of the traditional offshore tax haven jurisdictions. This marks a significant shift away from the days of offshore banking secrecy.

If you think you may have any undeclared UK tax liability in relation to offshore accounts contact your Account Manager to arrange a meeting under Legal Professional Privilege ■ **Joanne Lamberth**

More VAT changes

New rules from January 2011

Following the January 2010 changes to the place of supply of intra-EU transactions, January 2011 sees a new round of changes.

The latest changes relate to supplies of cultural, artistic, sporting, scientific, educational and entertainment services.

Prior to 1 January 2011 the place of supply of these services was where they are performed.

The new rules

Cultural, artistic, sporting, scientific, educational and entertainment services will be taxed:

For B2B supplies - where the customer belongs

For B2C supplies - where the activity takes place

Admission to cultural, educational, sporting, artistic, scientific or entertainment events will be taxed:

For B2B and B2C supplies - where the event takes place.

VAT on Royal Mail services

From 1 January 2011 Royal Mail will have to add VAT on some services not subject to regulatory control. This will be an additional cost to businesses that cannot reclaim input VAT.

Increased VAT rate

The standard rate of VAT will increase to 20% (from 17.5%) from 4 January 2011.

If you need help planning for any of these changes contact your Account Manager for advice ■ **Gary Eves**

The Bribery Act

Preparing your business

The new Bribery Act is due to be implemented in April 2011. The Act will require businesses to put in place suitable bribery-prevention procedures.

Guidelines are expected in early 2011 and will cover six key principles: risk assessment, top level commitment, due

diligence, clear practical and accessible policies and procedures, effective implementation and monitoring and review.

For advice on the design and implementation of procedures to comply with the new Act—talk to your Account Manager ■ **Catriona Freebairn**

NIC changes

A brief overview

Rate increases

6 April 2011 will see an increase in both NIC rates and thresholds. The new rates will be:

Class 1 Primary (e'ee) NICs—12%

Class 1 Secondary (e'er) NICs—13.8%

Class 4 NICs—9%

Additional rates of Class 1 and Class 4—2%

Class 2 payment dates

From April 2011 Class 2 NICs will be due on 31 January and 31 June as for Self-Assessment tax liabilities.

Regional Employer NIC Holiday

If you are about to start a new business which will be located outside the excluded areas of: Greater London, East Region and South East region you may be eligible for the NIC Holiday.

Qualifying businesses may get relief for up to £5,000 employer's NICs per employee on the first 10 employees during the first 12 months. The conditions are complex and few businesses will qualify but if you think there is a chance your new business will qualify your Account Manager will be able to confirm your position ■ **Michael Gray**

Our expert team

Trina Hill ACIS



Joined the firm in June 2010, bringing with her a wealth of experience in Company Secretarial roles in FTSE 100 and 250 companies in London within the retail, property development and financial services industries.

She holds a post-graduate equivalent qualification offered by the Chartered Institute of Secretaries and Administrators (ICSA) and became an Associate Member of the ICSA in 2005.

Andrew. *What is your current role?*

Trina. I joined as a Personal Assistant to provide support to Andrew and to work with a particular client who required help in organising their financial records. I have also assisted another client with record-keeping. Going forward I will be developing the company secretarial services offered by **websters** with a view to engaging new clients in this area.

A. *What special skills do you bring to the firm?*

T. I bring over 14 years experience of working in the company secretarial field, having been involved in takeovers and mergers, demergers, acquisitions and disposals, corporate restructuring, company formations and share option scheme administration. Having worked extensively with start-up businesses as a freelancer, and in running my own business, I have a lot of practical advice that I can share with small business owners.

A. *What achievement are you most proud of?*

T. Becoming an Associate Lecturer at Anglia Ruskin University in 2009. I teach the company law and company secretarial modules on their Corporate Governance masters degree programme at the Chelmsford Campus. I love teaching and was drawn to it after speaking at seminars for many years.

A. *What do you like most about working at websters?*

T. I enjoy being part of a team again (something I really missed when I was freelance) and the working environment is great—it's a fun place to work and you are really appreciated for the special expertise you have.

A. *What do you like to do outside work?*

T. I enjoy gardening and DIY, cycling, reading and travelling. I am a member of Alliance Française in Cambridge and attend many of their events and workshops to further improve my French language skills. I completed an introductory course in archery this year and will be joining a local club to hopefully improve on my technique.

My current challenges

My current focus at websters spans three main areas:

To work closely with Andrew to assist him so that he is able to concentrate on more strategic and developmental areas of the business, including international growth;

To promote our company secretarial services in relevant markets and engage new clients; and

To develop my understanding of the other disciplines within websters in order to assist these new clients

more effectively and to widen my own knowledge.

A personal challenge for next year is that I have enrolled to start a law degree with the Open University. This is something I have been thinking about doing for a number of years and have finally made the decision to start.

In the long-term I am very interested in undertaking a research degree into an area of corporate governance, so this is the first step! ■ **Trina Hill**

Company

All companies can benefit from keeping up to date with their corporate governance but this is especially important for small innovative start-up companies who are likely to be seeking venture capital finance during their life-cycle. Compliance with corporate governance will form part of the due-diligence process undertaken by potential investors.

However, few start-up companies can justify the expense of having a specialist company secretary in-house and that is where the services offered by websters through Trina Hill can be a significant benefit to these businesses.

Whether you need a one-off review to ensure you are meeting all of your obligations or regular company secretarial-support we can provide a service to meet your needs.

Working with clients

Anna Colquhoun, Culinary Anthropologist



In this issue, one of our clients, Anna Colquhoun talks about her new venture and provides some timely guidance on festive food preparation.

"I offer hands-on cooking classes for small groups, mostly in my home teaching kitchen in London. The name Culinary Anthropologist stems from my interest in the fascinating stories behind everything we eat – be it the history of a dish, etymology of an ingredient's name, science behind a technique, cultural background to the food, or political context for its trade."

"In 2006 I quit my career as a programme director for an international charity to indulge my love of cooking. Initially I mourned the loss of monthly salary and defined professional identity. But six months at culinary school in San Francisco and work experience at one of America's most special restaurants confirmed I'd made the right decision. Cooking proved considerably more fun than office work!"

"Before offering classes I tried to learn as much as possible – 'staging' at restaurants, assisting caterers and teachers, taking specialised courses and studying my favourite cuisines. I spent a year travelling around Europe, Turkey, North and West Africa re-



searching local culinary cultures. And I spent another writing 'Eat Slow Britain', a book about some of our best organic producers and restaurants. All the while I kept up emails about my culinary adventures to a steadily expanding list of interested people."

"websters set me up as a sole trader, and since I started teaching nearly a year ago I have been astonished at how fast things have grown. My list now numbers 500, classes fill fast, I am booked for private tuition and catering, and am making a modest profit. Customers send lovely feedback and frequently return. They are delighted to get stuck in with a handful of others, rather than pay a small fortune to sit in rows watching a celebrity chef demonstrate something they will never attempt at home."

"websters has been supportive since the start and provided the first boost of practical help – a clear set of do's and don'ts from their small business adviser to improve my financial systems."



Swedish glögg

Glögg is Swedish mulled wine with a vodka kick! This recipe is adapted from one by Elsa Petersen-Schepelern. It looks fantastic served in little Turkish or Moroccan tea glasses, and works a treat in our household every Christmas. Just remember that it's a lot stronger than regular mulled wine...

Makes over 2 litres

- 2 bottles of dry red wine
- 1 bottle of vodka or aquaviv
- 12 cardamom pods, crushed
- 8 cloves
- 3cm piece of fresh root ginger, peeled and sliced
- A cinnamon stick
- 250g white sugar
- 200g raisins
- An orange
- 200g blanched almonds

1. Put everything except the orange and almonds in a large non-reactive saucepan or casserole. Use a vegetable peeler to pare the zest off the orange in one long strip, taking care not to include the bitter white pith. Add this to the pot. Set aside overnight.

2. Heat to simmering point, stir in the almonds and keep warm over a very low flame. Do not boil. Serve in little glasses on saucers, with teaspoons to eat the alcoholic raisins and almonds at the bottom of the glass!

"One day I hope to open premises for a school. I'd thought that would be many years away, but perhaps it's not so distant a dream. For now I am working on more collaborations and an exciting calendar of classes for 2011. Have a look at the list, and please contact me if you'd like to sign up or have advice!"

Upcoming cooking classes:

See www.culinaryanthropologist.org for class details, times and prices.

Why not give someone a cooking class for Christmas? Contact:

anna@culinaryanthropologist.org to book a class or buy a gift voucher.

[Cooking Club seasonal supper](#)

Tues 11th & Weds 12th Jan

[Perfect Cookies masterclass](#)

Thurs 20th Jan

[Perfect Pastry masterclass](#)

Sat 22nd Jan

[All Things Chocolate masterclass](#)

Tues 25th Jan

[Perfect Cakes masterclass](#)

Thurs 27th Jan

[Cooking Club seasonal supper](#)

Tues 8th & Weds 9th Feb

[Winter Preserving workshops](#)

Fri 11th, Sat 12th & Sun 13th Feb

Perfect Xmas Turkey

Buy a genuinely free-range turkey from a trusted butcher, season it well inside and out the day before and leave it uncovered in the fridge overnight. Pat it dry, rub with butter or olive oil, and leave at room temperature for an hour before roasting, but with ice-packs over the breasts for the last 20 minutes as otherwise they'll be overcooked by the time the legs are done. Roast it first on high (220°C) for half an hour and then at 170°C until the breast reads 68°C and the legs 74°C on an instant read thermometer. Remember to baste frequently and if the bird gets too brown, cover it with foil. Most importantly, let the bird rest for a good 20 minutes, tented in foil, before you carve it. ■ Anna Colquhoun

Contact us

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



INVESTOR IN PEOPLE

