Copson Grandfield

CHARTERED ACCOUNTANTS

NEWSLETTER

February 2013 – Volume 11, Issue 1

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Please follow the link from our website, don't forget to hit the 'Like' button!

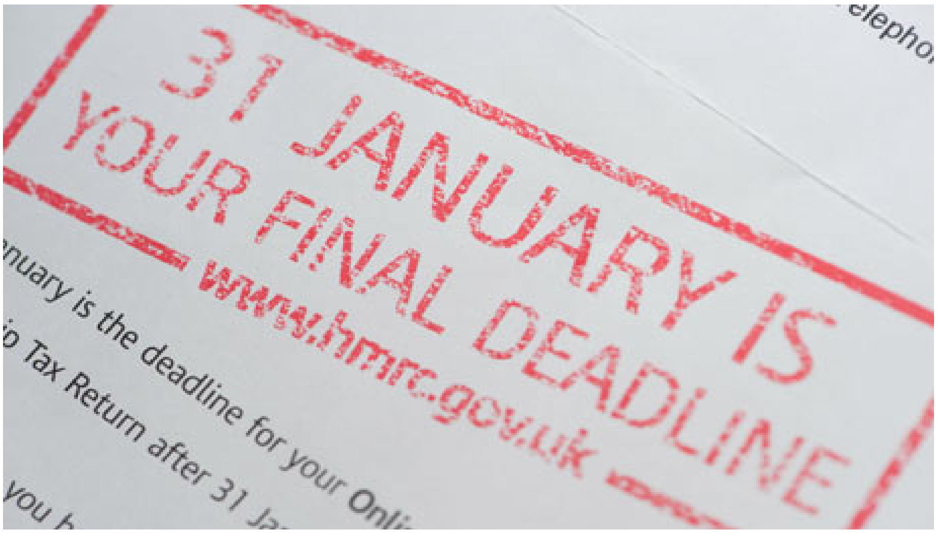
You can also find us on the 'Kingswood People' website

Inside:

Welcome to the Copson Grandfield Newsletter.

Inside you will find topical comments, & more useful tax tips.

2012 Self-Assessment – A New Record!



HM Revenue and Customs (HMRC) have revealed that a record 9.61 million individuals submitted their tax returns on time this year, which is around 93% of those currently in self-assessment. Of the 9.61 million on-time tax returns, 7.93 million (82.5%) were sent online. Copson Grandfield helped bump up this average by submitting a staggering 97.27% of its returns on time to HMRC.

Anyone who hasn't yet sent their 2011-12 tax return to HMRC will have already incurred a £100 late-filing penalty. To avoid any further penalties, they should send their return as soon as possible, as well as pay any outstanding tax due for the 2011-12 tax year.

The busiest day for online returns was 31 January, when HMRC received 578,000. The busiest hour occurred between 4pm and 5pm, when 46,000 returns (over 12 per second) were received by HMRC.

In the run up to the 31 January deadline, even Christmas didn't stop the flow of online returns to HMRC, with 1,548 people putting the festivities on hold and sending their tax return online on Christmas Day, and another 4,685 on Boxing Day.

The penalties for late filing are:

- An initial £100 fixed penalty, this applies even if there is no tax to pay.
- After three months, daily penalties of £10 per day, capped at £900.
- After six months, a further five per cent of the tax due or £300, whichever is greater.
- After 12 months, another five per cent or £300 charge, whichever is greater.

Capital Allowances – Increase from 1 January 2013

A surprise announcement in the recent autumn statement was the increase in the Annual Investment Allowance (AIA), the limit has increased from £25,000 to £250,000. This increase is only a temporary 2 year change; nonetheless it is still very welcome for those looking to purchase new plant and machinery.

The AIA is effectively a 100% allowance that applies to qualifying expenditure, up to the specified amount. If a business spends more than the annual limit any additional expenditure is dealt with under the normal Capital Allowances rules, attracting a 'Writing Down Allowance' of 18% or 8% at current rates (depending on the type of expenditure).

Where your business year end is not 31 December, then the allowances will be split between the old and the new rates, *for example:*

A business with a 31 March year end would have:

1 Apr–31 Dec:	9/12 x £25,000 = £18,750, *plus:*
1 Jan – 31 Mar:	3/12 x £250,000 = £62,500

Making a maximum of **£81,250** available for the year.

However, any pre December expenditure would still be restricted to £25,000 (as it pre-dates the change), with the remainder being allowable up to 31 March.

Whether expenditure is allowable for Capital Allowances purposes and the available amounts can be a complex area, if you are in any doubt or would like further advice then please contact us **before** you make any decisions.

Quick Tax Tip:

Make the most of your Personal Allowances! The tax-free Personal Allowance (PA) for 2012/13 is £8,105 for those aged under 65.

Meanwhile, the PA for those aged 65 to 74 at 5 April 2013 is £10,500, and for those aged 75 or over it increases to £10,660. Both higher allowances are scaled back if income exceeds £25,400.

If your spouse or partner has little or no income, consider transferring income (or income-producing assets) to make full use of their personal allowance.

However, care must be taken to avoid settlements legislation governing 'income shifting'. Please contact us before taking action as we will need to consider the wider implications for you and your family.

You may also want to invest in tax-free savings options such as ISAs and some National Savings products in order to keep your income below the level at which the age reduction allowance is scaled back.

Staff News

After completing yet another successful January Steve Clark in our Accounts Department has decided to hang up his calculator and take early retirement.

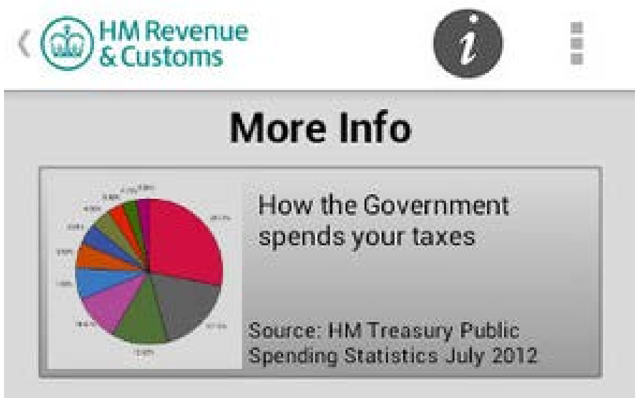
We will all miss his quirky sense of humour, together with the handwritten working papers! We look forward to regular updates and visits.

Enjoy your new found freedom Steve, and don't drink all that whiskey at once!!!

We're 'appy & we know it! - Updated Tax app launched

Over 250,000 people have downloaded HM Revenue and Customs' tax calculator app which allows people to work out how much tax they pay and how the Government spends it.

The tax app, which was introduced last spring, has been updated with added features and can be downloaded for free from Apple's iTunes store or from the Google Play store.



New features include:

- Public spending information
- Pop-up explanations, giving detailed descriptions of each spending category
- Ability to enter your own tax code
- More details on tax rates used and the rate at which National Insurance has been charged.

PAYE attention – RTI is coming!

HMRC are urging Employers to prepare for major PAYE changes coming into effect from April 2013.

Employers will soon have to start sending PAYE returns electronically, using RTI-enabled software each time they pay their employees. The returns will include details of all employees' pay, tax and deductions. This replaces sending a separate return at the end of each year.

In preparation employers should follow these 3 steps:

1. Visit HMRC's website at hmrc.gov.uk/rti for information about RTI, including how to prepare, software options and tips to avoid common pitfalls.
2. Acquire new/ updated payroll software – employers will need to talk to their software provider or their payroll service-provider (if they have one) about this.
3. Update employee information. It is vital that the information employers hold about their employees is accurate and up to date.

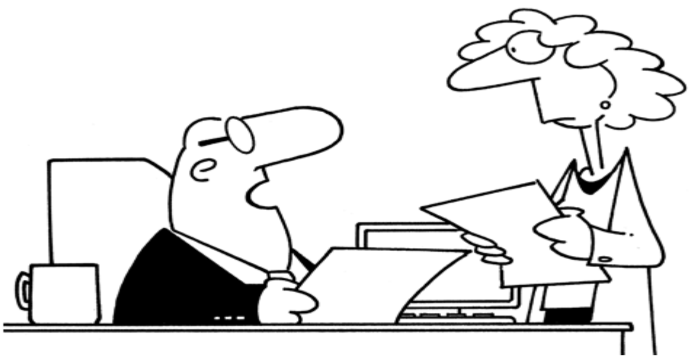
Ruth Owen, HMRC's Director General Personal Tax, said:

"To avoid a last minute rush employers must act now, if they have not already done so.

Reporting PAYE in real time will be straightforward for most, but preparation is needed. Employers may need to add employees such as casual workers or those below the Lower Earnings Limit to their payroll system and must think about their payroll practices to make sure that they work for real-time reporting."

The RTI pilot was launched in April 2012 with just 10 employers. By 31 March 2013, HMRC expects PAYE records for around 6 million people to be reported in real time.

Copson Grandfield are already up to date and using the latest RTI compliant software, therefore please contact us should you require our help, or would like us to run your payroll.



"From now on, red ink means profit and black ink means loss, Problem solved!"

Other News

Don't forget: We now offer Gift Vouchers as an incentive/ thank you for introducing us to new clients. If you know someone who requires accounting advice or services then please forward our details to them, make sure they tell us who the recommendation came from!

Annual Pension Allowance

At the Autumn Statement Chancellor George Osborne announced that from 2014/2015, the government will be reducing the lifetime allowance for pension contributions from £1.5m to £1.25m and will also be reducing the annual allowance from £50,000 to £40,000.

Mr Osborne has claimed this will reduce the cost of tax relief to the public purse by an extra £1bn a year by 2016/2017.

Justifying the move, Mr Osborne also claimed that 98 per cent of people currently approaching retirement have a pension pot worth less than £1.25m, with an average pot of just £55,000.

He added that 99 per cent of pension savers make annual contributions of less than £40,000, with the average being £6,000 a year. Mr Osborne said: "I know these tax measures will not be welcomed by all; ways to reduce the deficit never are. But we must show we're all in this together."

Businesses warned over late VAT returns

As many as 50,000 businesses that have failed to submit VAT returns will be targeted by HMRC this month with warnings that their tax affairs will be closely scrutinised.

The VAT outstanding return campaign is aimed at businesses that have one or more VAT return outstanding, and have been told to submit their returns but have not done so. Some will have received an assessment of VAT for these periods.

These businesses are being given an opportunity to get up to date and pay the tax they owe by 28 February. After that, HMRC will target them and take a much closer look at their tax affairs.

By using this campaign to come forward voluntarily, businesses may receive better terms, as any penalty they pay may be lower than if HMRC come to them first.

Further details are available from HMRC at: http://www.hmrc.gov.uk/campaigns/vator.htm

Child Benefit Charge – Watch Out!

If you are receipt of Child Benefit or live with someone who is, you may be in for a nasty surprise…

The new 'High Income Child Benefit Charge' (HICBC) came into effect on 7 January 2013, it is a tax charge on those with income exceeding £50,000 pa, who are in receipt of Child Benefit. This charge also applies if your partner receives the benefit (rather than yourself).

The way the system has been set up means that by moving in with a 'partner', you could inadvertently become liable/ subject to the tax charge!

In the event that both partners have income that exceeds £50,000 the charge will be applied on the partner with the highest income.

The amount of benefit paid to the individual will not be affected, however for those with income over £50,000 the income tax payable will be 1% for every £100 over the threshold, which in effect means that you will have to repay the whole amount of the benefit received if your income is £60,000 or over.

HMRC plan to send letters to all those whose individual income is expected to exceed £50,000 in the current tax year advising them of the next steps to take.

Where income is between £50,000 and £60,000 the amount of benefit received will outweigh the tax charge, but for those receiving £60,000 or more the amount of benefit will be equal to the charge, in which case it could be sensible to come out of the benefit system.

Tip: if you are earning more than £50,000 pa be careful about moving in with a 'partner' who is in receipt of child benefit. It could cost you more than you think!

Tip: In family businesses try to arrange incomes appropriately. For example, if husband's income is £60,000 pa and the wife is £40,000 child benefit is clawed back completely. If their incomes are £50,000 each, no claw back will arise.

Other News

Steve Copson is running In the **Virgin London Marathon** on the 21st April. He is running for 'Variety' The children's charity and any donation that you could give would be greatly appreciated.

Steve's never run a Marathon before but is nearly halfway through his training program and still standing (just).

Any donations can be made on-line at: http://uk.virginmoneygiving.com/SteveCopson or by sending us a cheque payable to Steve Copson.

If making an individual donation then please mark to claim gift aid if making a company donation then this will be allowable against profits in the year of the donation, therefore saving tax as you donate! Thank you very much.

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Client Satisfaction Questionnaires: Many thanks to all of you who have completed and returned them, it's very useful feedback and we're pleased to report that the average score for the responses given was over 4.25 out of 5.

The winner of the bottle of Champagne is Jarad of Aldinga Consulting Limited. We will continue to send them out with different questions and will hold another draw later this year.

Personal Allowance - increase from 6th April 2013!

The Personal Allowance (the amount you can earn each year before you pay Income Tax) will increase from £8105 to £9440, as from 6th April 2013.

If you operate your own PAYE scheme you should consider increasing your director's salaries in order to utilise the new allowances.

If Copson Grandfield currently runs your payroll please be aware that we will be increasing the director's salary to £8400 for the 2013/14 year.

Accountants are a Joke!

1. Why is a tax loophole like a good parking spot? As soon as you see one, it's gone.

2. How do you know when an accountant's having a mid-life crisis? He gets a faster calculator.

3. What does an accountant do to liven up an office party? Not show up.