Copson Grandfield
CHARTERED ACCOUNTANTS

NEWSLETTER

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30-31 St James Place
Mangotsfield
Bristol BS16 9JB

Tel 1: 0117 9561067

Fax 1: 0117 9701809

admin@copsongrandfield.co.uk
www.copsongrandfield.co.uk

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Inside:

Welcome to the Copson Grandfield Newsletter.

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

HMRC set their sights on rental income?

The Risk and Intelligence Service within HMRC has been recently contacting letting agents, to warn them of a statutory notice that is going to be issued regarding rental income collected for the tax year ended 5 April 2013.

Once notices are issued, letting agents will have 60 days to return the information to HM Revenue & Customs.

HMRC estimates that 1.5m landlords may be underpaying up to £500m in tax **every year,** it is therefore believed that HMRC will use this new information to cross reference/ compare to the income declared by landlords, with the aim of clawing back this lost revenue.

Part of the challenge to HMRC is identifying landlords who have been previously unknown to them. Once the information from letting agents has been analysed, it is expected that the revenue will write to these landlords to make them aware of the campaign and invite them to make a disclosure.

It is understood from HMRC that the initial 'nudge' letter which is used to raise awareness of the campaign will not be treated as a prompt. However, if the landlord receives a letter stating that disclosed income does not match information obtained by HMRC then any subsequent disclosure will be treated as prompted.

If you have rental income that you have either not declared, or under-declared, now is the time to put it right, please contact us as a matter of urgency if you have any queries or need advice.

Don't become a member of the Minimum Wage Hall of Shame!

Employers who fail to pay the National Minimum Wage not only face hefty fines, but will also be publically named and shamed.

The new government regime introduced last October has just added a further 25 employers to the 'hall of shame', between them they owe workers more than £43,000 together with penalties totaling over £21,000.

Business Minister Jenny Willott said: Paying less than the minimum wage is both wrong and illegal. Employers who break the law they need to know that they will face tough consequences.

Any worker entitled to the minimum wage should receive it. If anyone suspects they are not being paid the wage they are legally entitled to they should call the Pay & Work Rights helpline on 0800 917 2368.

Employers who are unsure of National Minimum Wage rules can also get free advice and information from the Pay and Work Rights Helpline or by visiting www.gov.uk.

The government has announced that the following rates will come into effect on 1 October 2014:

- a 19p (3%) increase in the adult rate (from £6.31 to £6.50 per hour)
- a 10p (2%) increase in the rate for 18-20 year olds (from £5.03 to £5.13per hour)
- a 7p (2%) increase in the rate for 16-17 year olds (from £3.72 to £3.79 per hour)
- a 5p (2%) increase in the rate for apprentices (from £2.68 to £2.73 per hour)

Other News

Congratulations to Steve 'Marathon Man' Copson, who after a successful debut in London last year has now conquered the lesser known but just as grueling Edinburgh Marathon, setting a new personal best of 3 hours, 49 minutes and 42 seconds!

We would also like to congratulate and wish Phoebe Grandfield the best of luck later this month when she will be heading off to Rome to compete in the 2014 ITF TaeKwon-Do World Championships!

Staff News

We'd like to welcome back Stuart Andrews who recently re-joined our Accounts Team, this time as a Portfolio Manager.

We would also like to say a warm welcome to Beth who has joined our Admin Team, Sarah who has joined our Payroll Department and Joanne, who has become the newest member of our VAT Team.

High street transformation affecting cities

2013 saw a vast overhaul in 'shop front' usage across the UK, according to the industry journal Estates Gazette.

Traditional shop space equaling 1.7 million square feet has been replaced with leisure facilities, such as gyms, bars, restaurants and betting shops.

The report shows that betting shops had the biggest increase in number, with 106 being licensed to open last year. However gyms & health clubs took the most amount of space, with over 1 million square feet.

This information coincides with predictions by the Centre for Retail Research, which indicate falling shop numbers in the next five years. The forecast says that total store numbers will fall by 22%, with job losses of around 316,000.

According to the Centre, consumer spending has increased by just 12% since 2006 compared with a 20% increase in retail operating costs. A major boom in online shopping – the UK now has the highest proportion of online retail sales in the world – has also led to the decline.

The change in usage and disappearance of retail space are issues which are likely to have a dramatic effect on cities throughout the UK in coming months and years.

Property 'bubble' about to burst?

After several months of intense competition and fears of over saturation within the housing market, the Royal Institution of Chartered Surveyors (RICS) has released figures showing that the number of new inquiries from house hunters has fallen to its lowest in over a year.

Figures from May showed that the number of UK homes coming on to the market has shrunk for the fifth consecutive month, whilst house purchase loans have also fallen to an 11 month low, could this be a sign that the recent 'housing bubble' is about to burst?

Demand for homes in London, which has become a serious concern for many economists, also fell – but the number of London homes put on the market actually increased as owners tried to capitalise on the boom.

Approved house purchases this year in May totaled 62,202, which was 3% lower than April. The lowest number in recent years was 59,260 in June 2013.

Responding to these statistics, Chief Economist for RICS, Simon Rubinsohn, said:

'What we are seeing is some of the very strong upward momentum starting to come off the housing market. A lack of supply, higher prices, more prudent lending measures and some of the talk from Bank of England are creating a level of caution among sellers and buyers'.

Employee sick leave 'at record low'

A survey by the manufacturers' organisation EEF has found that the number of working days lost to sick leave has reached a record low.

The study of 330 manufacturing firms over the past two years showed overall levels of absence fell to 2.1%, equal to 4.9 days per worker per year.

The EEF says that the drop may reflect the fact that short term absence is now better managed. Almost half of the employers surveyed pay for medical interventions, and 68% offer occupational health services as a benefit for all staff.

However, employers did report a rise in workers with mental health problems, and almost two fifths of companies say long term absence has increased in the last two years.

Professor Sayeed Khan, chief medical adviser at the EEF, said: "Driving down absence rates, helping more employees return to work earlier and, encouraging their wellbeing is critical for our economy."

According to the survey, 40% of employees believe the Government's flagship 'fit note' concept, introduced in 2010, is still failing to return employees to work earlier, with 45% blaming poor quality advice from GPs as the main problem.

Second Incomes Campaign

HM Revenue & Customs have launched a 'Second Incomes Campaign', giving taxpayers the chance to bring their tax affairs up to date if they have additional income (a source other than their main employment) that's not taxed.

What counts as a 'Second Income'? A second income could come from:

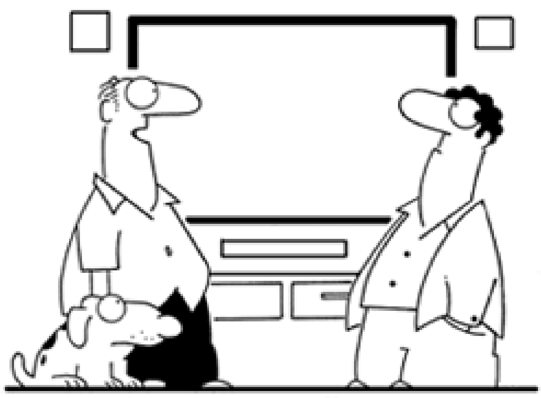
- Consultancy Fees, e.g. for providing training
- Organising parties and events
- Providing services like taxi driving, hairdressing or fitness training
- Making and selling craft items
- Buying and selling goods, e.g. at market stalls or car boot sales

You will need to tell HM Revenue and Customs (HMRC) if any additional income hasn't been taxed through either: your main job, another Pay As You Earn (PAYE) scheme, or through Self-Assessment.

This is called a 'voluntary disclosure'. To get the best possible terms you need to tell HMRC that you want to take part in the campaign, after which you will have 4 months (from the date of HMRC's acknowledgement of your notification) to calculate and pay any tax due.

If you don't make a voluntary disclosure and HMRC finds out later that you owe tax, you could get higher penalties or face criminal prosecution.

If you feel that the above may apply to you, or anyone you know, we urge to you contact us as soon as possible.



"I can claim a 70-inch plasma TV as a business expense because my accountant said it's important to look at the bigger picture"

Quick Tax Tip - PAYE

Employers who no longer need their PAYE scheme can avoid non-filing Generic Notification Service (GNS) messages and penalties by ensuring that they make their final submission correctly.

The actions for employers to take will depend on what type of final submission they are sending:

Full Payment Submission (FPS) - when making the final FPS for 2014 to 2015 employers should:

- Run their final payroll
- Complete the 'Final submission because scheme ceased' and 'date scheme ceased' boxes on their FPS for the pay period
- Enter a leaving date on each employee's payroll record

Employer Payment Summary (EPS) - if they have already sent all their payroll information, employers should just complete the 'Final submission because scheme ceased' and 'date scheme ceased' boxes on the EPS.

This will ensure that HMRC's systems are updated to record the PAYE scheme as ceased.

According to HMRC, errors on the final submission(s) have resulted in many incorrect or unnecessary penalties; it is therefore an area to look out for if you run your own payroll.

Please note that if we run your payroll we will take care of these steps on your behalf.

The New ISA

The government announced at Budget 2014 that from 1 July 2014, ISAs will be reformed into a new simpler product, the "New ISA" (NISA) with equal limits for cash, and stocks & shares.

From 1 July 2014 the NISA limit will be £15,000 - the biggest ever increase to ISA limits. The limits for 2014-15 are being introduced in two stages:

From 6 April 2014 to 30 June 2014, the previously announced changes set the overall ISA limit at £11,880 with a cash ISA maximum of £5,940.

From 1 July 2014 all existing ISAs automatically become NISAs, able to receive further money to either cash or stocks & shares components up to the new £15,000 limit.

Individuals may open one Cash NISA and one Stocks & Shares NISA each tax year. However, once open the NISAs may be transferred between providers any number of times. It will be possible to hold tax-free cash within a Stocks and Shares NISA if the provider allows this. It is likely that many savers may prefer to hold separate accounts for cash, and stocks and shares.

Any money held in a Stocks & Shares NISA can be transferred to a Cash NISA and *vice versa*. Such transfers need to be done between the providers otherwise personal deposits may count as a fresh payment against the overall NISA limit of £15,000.

Savers aged between 16 and 18 can hold a Cash NISA with up to £15,000 but cannot open a Stocks & Shares NISA. This is in addition to any amounts paid into a Junior ISA, for which the annual investment limit has been increased to £4,000 for 2014-15.

Accountants are a Joke!

1. How many types of Accountant are there? 3, those who can count and those who cannot.
2. What leads most people into debt? Trying to catch up with people who are already there.
3. Why did the Accountant eat his cash? Because it was his dinner money.