



NEWSLETTER

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Welcome to the Copson Grandfield Newsletter.

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

REPORT PREDICTS RISE IN VACANT SHOPS



The number of vacant properties on Britain's High Streets is likely to rise this year, according to a new report from the Local Data Company (LDC).

Amid weakening consumer confidence, and with shoppers increasingly tempted by online retailers, the LDC predicts that there will be a surge in shop vacancy rates during 2012.

As the Internet's share of the shopping market continues to grow, it anticipates that 'there will be, if not already, too many shops on the High Street'.

The report concluded that town centre vacancy rates stabilised last year, although the research reveals significant discrepancies between towns across the country.

Stockport was found to have the highest vacancy rate last year – more than 30% – while St Albans had the lowest at 8.2%.

Matthew Hopkinson, director of the LDC added: 'Technology is driving consumer behaviour to a world of engagement, entertainment and the ability to shop where, how and when we like. Town centres need to adapt to this changing environment if they are to survive and thrive.'

CAPITAL ALLOWANCES – LAST CHANCE TO ACT!

As from 31 March 2012 the rules affecting Annual Investment Allowances (AIA's) are changing. These changes could have a serious impact on the allowable deductions in your accounts.

Under the current rules expenditure up to £100,000 per annum on qualifying Plant and Equipment get an immediate deduction from taxable profits in the year of expenditure.

The new rules reduce this annual limit to £25,000 per annum. The calculation is simple if your year-end is 31st March, however if your accounting year straddles the 31 March then it becomes more complicated.

Example:

Fred Limited has a 30 June 2012 year-end, the maximum it can spend in the year and qualify for full AIA's is £81,250 ($9/12 \times £100,000 + 3/12 \times £25,000$).

However not only is the amount split for the accounting year, you also have to consider the actual date of purchase, as this will also have a bearing of the allowable amount.

In the above calculation Fred Limited has a total AIA available of £81,250, which is made up of £75,000 for the period 1/7/11 to 31/3/12 and £6,250 for the period 1/4/12 to 30/6/12. Any expenditure in the period 1/4/12 to 30/6/12 that exceeds £6,250 will not qualify for AIA's even though it may be below the overall limit for the year of £81,250.

If the expenditure is made before 31 March then up to £75,000 will qualify.

If Fred Limited can't afford to spend the money before 31 March, then the company may well be better off deferring the expenditure (or at least all but £6,250 of it) until after 30 June.

In summary, in most cases expenditure made before 31 March will qualify for more AIA's than expenditure after 31 March. However individual circumstances may dictate otherwise.

If you're thinking of capital expenditure over the coming year please contact us so that we can make sure you maximise your allowances and pay as little tax as possible!

STAFF NEWS

Congratulations to Jade James & Suraj Karki for their recent exam success – they'll be ACCA qualified in no time!

BUSINESS RECORD CHECKS

Following a review HM Revenue & Customs (HMRC) has announced a fresh approach to its business records checks programme.

The review discussed the pilot programme with trade and professional bodies' representatives and found clear evidence that it is effective in improving record-keeping practices in smaller businesses. However, it recommended that the checks be more targeted in future.

Business records checks (BRCs) began in April last year and involved checks on the standard of small & medium-sized enterprises' business records. Over 2000 checks were carried out, with 28 per cent of businesses visited having some issue with their record keeping, 11 per cent having issues serious enough to warrant a follow-up visit.

HMRC will now postpone any checks until the revamped approach is launched in early 2012/13. In the interim, HMRC will only undertake visits already booked, as well as follow-up visits to businesses that have already been identified as having inadequate records.

HMRC's Director of Local Compliance, Richard Summersgill, said:

"Four out of ten businesses had an issue with their records, and of those that required a follow-up visit, we found that some 90 per cent subsequently improved their record-keeping.

"However, after reviewing the pilot programme, we acknowledge the need for a fresh approach to business records checks.

"The BRC visits provide benefits for the business and HMRC. We want businesses to pay the right amount of tax at the right time, avoiding potential interest and penalties."

If you're concerned about your own business records then please contact us. We can arrange our own compliance visits in order to identify any potential issues with your current record keeping.



WE WANT OUR P45!

HM Revenue & Customs had planned to replace the form given to you when you leave your job with a piece of paper called the 'leaver statement'.

This was part of the move to Real Time Information (RTI), where employers report tax and National Insurance contributions when the payments are made, instead of at the end of the tax year.

However, after consultation and a workshop with employers and representative groups, HMRC have decided to retain the P45 for all employees.

Stephen Banyard, Acting Director General for Personal Tax, said: "We have been working closely with employers and stakeholders about the introduction of RTI.

Employers told us to keep the P45 – which is exactly what we have done.

"RTI is on track and we want to work in partnership with employers and other stakeholders to make its introduction as smooth as possible."



HMRC FIGHT TAX EVASION

HMRC plan to launch new taskforces during 2012/13 in a bid to crackdown on tax dodgers.

The revenue want to target specific business sectors in specific locations where there is evidence of tax evasion, likely targets include:

- The Rag Trade
- The Motor Trade
- Indoor & Outdoor Markets.

HMRC expects to collect over £50m from taskforces launched in 2011/12 and, with 13 criminal investigations under way, this figure is set to rise.

HMRC will also extend some of the taskforces from 2011 to different locations, including the scrap metal taskforce launched in Scotland in November.

The Exchequer Secretary to the Treasury, David Gauke, said: "The Government is committed to tackling tax evasion and avoidance. HMRC's taskforces are cracking down on people who choose to break the rules and creating a level playing field for the majority who play by them".

"HMRC has received lots of useful information on its evasion hotlines, which shows that the honest majority are quite rightly fed up with the dishonest minority."

If you are aware of someone who is evading tax you can tell HMRC via the Tax Evasion Hotline on 0800 788 887, via email or by post.

Full details can be found at www.hmrc.gov.uk

REVENUE RECEIVES RECORD NUMBER OF TAX RETURNS

According to HM Revenue & Customs a record 9.45 million self assessment tax returns were filed on time this year, with 7.65 million of these being filed online. Overall, more than 90% of taxpayers met the deadline for filing their 2010/11 tax returns, representing an increase of 4% on the previous year.

The online filing deadline of 31 January was effectively extended this year, when HMRC announced that no penalties would be issued for online returns received by midnight on 2 February, following concerns over the likely impact of strike action by Revenue staff, which coincided with the deadline.

31 January proved to be the busiest day for online returns, while many other taxpayers chose to file their returns during the Christmas break. Over 1,000 people filed their returns on Christmas day, while a further 11,648 chose New Year's Day to settle their tax affairs.

Taxpayers who have not yet filed their returns or paid any outstanding tax are being urged to do so as soon as possible. Under HMRC's new penalty regime, taxpayers who fail to file their returns on time are liable to an immediate £100 penalty, even if there is no tax to pay or the tax due is paid on time.

This is followed by a series of further penalties where returns remain unfiled, or payments remain outstanding.

BRISTOL TO HAVE ITS OWN CURRENCY

Bristol is the latest area to plan its own currency, with locals being encouraged to design a new bank note.

The scheme follows on the heels of the Brixton pound, a local currency used by residents to buy products in shops around the area. Local artists, including children, are being encouraged to submit designs for £1, £5, £10 and £2 notes. The winning images are expected to "capture something of the city's character". The organisers said:

"As more and more shoppers and businesses spend the Bristol Pound, it will keep more of people's hard earned wages in our communities to be spent again."

"The scheme is also a powerful way to promote local businesses trading with each other. We are hopeful we'll have thousands signed up before the currency goes in to circulation. It seemed obvious that we should ask the people who'll have the Bristol Pound notes in their pockets and purses to design them."

The scheme is expected to open in May this year, with all residents and traders with a BS postcode eligible.

To use the Bristol pound, customers will need to open a Bristol Credit Union account, which will allow them to exchange sterling to Bristol Pounds via conventional bank transfer or salary payments. Shoppers will also be able to pay with their mobile phones.



TAX CUTS TO BOOST CONFIDENCE?

The Government is facing pressure to announce tax cuts in the forthcoming Budget, in order to stimulate economic growth.

Shadow Chancellor Ed Balls has called on Chancellor George Osborne to cut VAT, which he said would be 'the fastest and fairest way' to improve business confidence.

Other suggestions include cutting income tax by 3p, raising the income tax threshold to above £10,000, or increasing tax credits for working people.

Meanwhile, the Chancellor has separately been urged to scrap the planned fuel duty rise, as the average price of diesel reached a record level of 143.05p a litre.

The 2012 Budget will take place on Wednesday 21 March. We will update our website following the Chancellor's announcements, so be sure to visit the site regularly.

OTHER NEWS

Following the success of our recent Inheritance Tax & Long Term Care seminar, we have decided to organise a further seminar later in the year on the same subject. This will be primarily for those who were unable to attend due to other commitments. More information to follow...

Details of the previous seminar can still be found on our website.

Congratulations to Anthony Morgan of RHC Lifting Limited for winning our recent competition, please see the correct answers below:

1. £3600
2. Default Retirement Age
3. £1500

ACCOUNTANTS ARE A JOKE!

1. If an accountant's wife cannot sleep, what does she say? "Darling, could you tell me about your work."
2. Why did the auditor cross the road? Because he looked in the file and that's what he did last year.
3. How do you save a drowning accountant? Take your foot off their head.

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