Copson Grandfield
CHARTERED ACCOUNTANTS

NEWSLETTER

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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.

No More Renewals Basis for Landlords

From the 6 April 2013, HMRC has removed Extra Statutory Concession B47 ("ESC B47") thereby removing the 'renewals basis' for replacing assets in a property letting business.

The renewals basis gives a deduction for expenditure on the replacement of fixtures integral to buildings, such as; central heating, windows and other similar assets. The relief is used by landlords, who are generally not entitled to claim Capital Allowances.

Where a property is let furnished, landlords were previously able to choose between either the renewals basis or the 10% 'Wear and Tear Allowance'. This is an allowance based on net rental income and is intended to give relief in respect of depreciation of plant and fixtures.

From April 2013 the only relief available to residential landlords of furnished property will be the Wear and Tear Allowance and the usual relief for 'repairs'.

Landlords of unfurnished properties however have only been able to obtain a tax deduction using the renewals basis and therefore will be most affected by this change. It could therefore be worthwhile furnishing a property in order to meet the 'furnished' requirements, and therefore becoming eligible to claim the Wear and Tear Allowance.

These changes will have a major impact on properties that have a high turnover of tenants, with high levels of replacing furnishings, for example student accommodation where furnishings are frequently replaced.

It should be noted that landlords can still claim the cost of genuine repairs or on replacing furnishings that would be found in unfurnished properties, such as replacements of bathroom and kitchen fittings.

"I think I can get us a tax deduction if we start using solar heat to cook the books"

Companies House Emails Used to Spread Malware

Companies House, the United Kingdom agency responsible for incorporating and dissolving companies, is warning Internet users about fake malware-spreading emails currently exploiting the organisations reputation to fool unsuspecting users.

"We have been made aware that random emails claiming to be from Companies House are being sent," the organisation stated.

"These have NOT been generated by Companies House and we strongly advise you not to open any attachments or click any suspicious links within the email, as it may contain a virus. Our customers should be assured that the details we hold have not been compromised."

In addition to the above threat, there are also known 'Phishing emails' circulating which also claim to be from Companies House

Phishing is an attempt by fraudsters to 'fish' for personal information such as passwords and log-in details. For example, someone may send you an email that appears to come from your bank or an organisation you have registered with, such as PayPal. The email asks you to click on a link and/or to confirm your username or password - and in this way they obtain your details

Companies House has confirmed that they will never ask you to enter or confirm your security details online.

It is therefore wise to be suspicious of unsolicited emails, even if they appear to be from a trusted source.

If you have any doubt that an email received from 'Companies House' is not genuine, please do not follow any links or open any attachments, disclose any personal details, or respond to it.

Quick Tax Tip

Are you due to receive a State Pension, Private Pension, or any other taxable source of income? Have you considered the tax implications?

We aim to utilise your personal allowances each year to ensure that you extract your earnings in the most tax efficient way possible.

Careful and considered planning can make a huge difference to your finances. Therefore whilst it's always nice to have an additional source of income, it also needs to be noted that provisions made several years ago may no longer be relevant or the most effective way to get your hands on your cash.

We therefore urge you to contact us as soon as possible if your circumstances change, keeping us up to date will enable us effectively plan for your future, in addition to reducing your tax bill.

Pension Changes – Are YOU a Winner?

From 2016, a new single-tier state pension will replace the existing two-part system. However, the impact of these reforms could be wide-ranging.

The flat rate state pension will apply to new pensioners from 2016, and is expected to be worth around £146 a week, replacing the current state pension of £110 a week plus various means-tested top-ups.

According to the Institute for Fiscal Studies, those most likely to benefit under the new system include:

- Those who have spent long periods out of work or in low paid jobs
- Long-term self-employed individuals
- Those who chose to contract out of the earnings-related second state pension.

However, the study also suggests that in the longer term, many individuals will see a reduction in their state pension income. Those expected to lose out under the new flat-rate state pension are:

- younger workers, especially those born after the mid-1980s
- higher earners, who will experience a more significant reduction than lower earners

Individuals who would receive a state pension on their partner's record may not be able to do so in the future. However, those paying a married woman's reduced rate contribution may be protected.

Those already receiving a pension prior to 6 April 2016 will continue to receive payments under the current system.

Staff News

We would all like to welcome Zoe who has joined our Accounts Department, together with the return of Lindsay who has recently come back from maternity leave.

We also bid farewell to Darren and Louise who have both gone on to pastures new, we wish them all the best in their new endeavors and look forward to their visits.

Call for reform as 'child benefit changes bite'

Chancellor George Osborne is being urged to consider a new, flat-rate of income tax following concerns over the impact of child benefit cuts on middle income families.

In an interview with Sky News, Simon Walker, head of the Institute of Directors (IoD), claimed that some middle earners are now paying effective rates of more than 70% as a result of the child benefit reforms.

As announced in the 2012 Budget, from 7 January 2013 child benefit was gradually clawed back for individuals earning between £50,000 and £60,000 a year, by means of the new High Income Child Benefit Charge. Where income exceeds £60,000 the benefit is fully eroded.

The business leader has now called on the Chancellor to address the problem by introducing a simple, flat rate of tax.

'I would like to see that there is a level above which the tax take should never rise, so you should never pay more than 50p on every pound you bring in, doing so is wrong and degrades the motivation to work.

'I am all for a flat simple tax system – it has been shown to raise a lot more money. The top 1% of taxpayers pay 15% of all the tax in this country. Flat, simple taxes are the way to do it'.

Since the introduction of the 'HICBC' more than 390,000 parents with higher incomes have already opted out of receiving Child Benefit. Those who did so before 7 January 2013 do not need to take any further action.

However, parents on higher incomes who continued to receive Child Benefit in 2012/13 will need to register for self-assessment and complete a tax return. Individuals who fail to register with HMRC may incur a penalty.

HMRC is now writing to around two million higher rate taxpayers who it believes are affected by the new rules.

New Married Couples' Tax Allowance Confirmed

More than four million married couples and civil partners will be entitled to a new transferable tax allowance, the Government has confirmed.

Under the scheme, eligible spouses and civil partners will be able to transfer £1,000 of their personal income tax allowance to their partner, where one is a basic rate taxpayer and the other earns less than the income tax personal allowance.

The measure is set to come into effect between 2015 and 2016, and will allow the higher earning partner to earn an additional £1,000 before paying income tax, meaning a potential saving of up to £200 a year.

Couples will be eligible from the first year of marriage, and claims for the allowance will be made online.

The confirmation of a married couples' tax allowance is one of a series of recent Government measures, including the announcement by Chancellor George Osborne of his intention to freeze fuel duty until after 2015, subject to sufficient savings being made elsewhere.

Other News

We are about to launch our new and improved website. Changes will include a more user-friendly interface enabling better compatibility with tablets and smartphones, therefore making it even easier to check the latest news and hot topics on the move.

To check out the changes our website can be found at: http://www.copsongrandfield.co.uk/

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With November just around the corner some of the men here (and maybe a few of the women) will be taking part in 'Movember'.

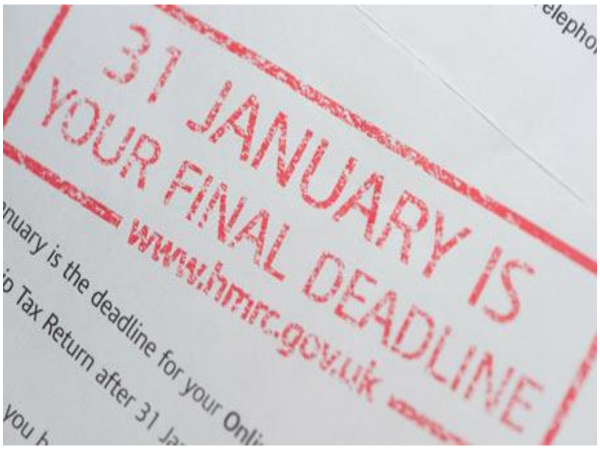
Movember is responsible for the sprouting of millions of moustaches around the world in order to raise vital funds and awareness for prostate and testicular cancer and mental health. As an independent charity, Movember's vision is to have an everlasting impact on the face of men's health.

Therefore some rather interesting facial hair will be on display around the office throughout next month in order to both make you laugh and to also raise awareness of the above issues. Any support for this cause will be much appreciated.

Self-Assessment Deadline Looming!

Don't forget… the deadline for completing your 2012/13 Tax Return is fast approaching.

In order to avoid penalties and interest your Tax Return will need to be submitted to HM Revenue & Customs by 31 January 2014.



Tax Returns filed after 31 January will incur an automatic £100 penalty, regardless of your tax position. Interest will also be charged on any liability outstanding.

Tax Returns still outstanding 3 months after the filing deadline will receive automatic daily penalties of £10 per day, up to £900.

After 6 months a penalty of either £300 or 5% of the tax due will also be charged (whichever is greater). A further £300 or 5% will be charged if the return has still not been submitted 12 months after the deadline.

Therefore if you have not yet returned your completed tax return questionnaire, together with the information needed to prepare your return then please do so as soon as possible.

If you need any help completing the questionnaire, or need any advice regarding the information required then please contact us as a matter of urgency.

UK jobless total falls, but interest rate to remain frozen?

According to the Office for National Statistics (ONS) the number of unemployed people in the UK fell by 18,000 in the June-August period of this year to 2.49 million.

Those claiming Jobseeker's Allowance has also fallen by 41,700, the sharpest fall in more than 16 years.

Whilst a fall in the long-term jobless level is welcome news, youth unemployment came down only marginally, suggesting that those with less experience are still finding it difficult to secure employment.

In the hope of giving Britain's economic recovery a boost, the Bank of England has confirmed that it will not consider raising interest rates (from their record low of 0.5%) until the unemployment rate falls to 7%, it was at 7.7% in the June-August period.

In addition to the above, Inflation, has remained stubbornly high at 2.7%, whereas average pay rises (excluding bonuses) have slipped from 1% to 0.8%. So whilst all signs may indicate that recovery is on the way, the squeeze on household budgets remains tight.

Did you know?

For those of you who use Sage Accounting Software, did you know that the 2014 version contains some exciting new features?

The reports section has been overhauled, allowing greater functionality, namely the ability to call up quarterly/ monthly management accounts, together with running totals for the period(s), therefore easily generating month by month comparisons.

In addition to this all Financial Reports (Trial Balance, Profit and Loss, Balance sheet) are now 'drillable', allowing instant breakdowns of income/expenses etc.

The above changes are great tools for monitoring the performance of your business and can also be used to highlight areas where expenditure could be excessive.

If you are currently using an older version of Sage and are interested in upgrading, or you are already using the 2014 version but need a little help then please contact us for assistance.

Accountants are a Joke!

1. What do you call an accountant with an opinion? An auditor.
2. Why did the accountant drop cake on his calculator? He was trying to fudge his figures!
3. Why was the accountant so excited when he completed a jigsaw puzzle in only 59 weeks? Because the box said 8-12 Years.