

Are you ready for ONLINE FILING?

April 2010 sees the introduction of a number of changes to the way that businesses must file and pay specific taxes.

VAT returns

From 1 April 2010, HMRC will begin to phase out paper VAT returns. If your business has an annual turnover of more than £100,000 excluding VAT, you will need to file returns online and make payments electronically, for accounting periods beginning on or after that date.

Businesses with an effective VAT registration date on or after 1 April 2010 will need to have returns filed and payments made online, regardless of their turnover. All other VAT-registered businesses may continue to file paper returns for the time being, but the situation is set to be reviewed by 2012.

Penalties for failing to make an electronic return will be applied to periods ending on or after 31 March 2011.

PAYE returns

Most employers are now required to file their employer annual return online.

Employers with less than 50 staff must file end of year forms online by April 2010 at the latest, and from 6 April 2011 the requirement to file in-year forms, including P45 and P46, online will also apply to these employers.

Penalties for late payment are expected to be implemented by 6 April 2010. The system will be based on the number of defaults during a tax year, and excludes the first default. The penalties will range from 1% of the total amount for the next three defaults, to 4% of the total for 10 or more defaults. Any sums that remain unpaid after six months from the penalty date will be subject to a 5% surcharge, with a further 5% surcharge applying after 12 months.

Corporation tax returns

Also in the pipeline, for returns due after 31 March 2011, corporation tax returns must be filed online with accompanying accounts and computations in Extensible Business Reporting Language (XBRL), the new

standard designed for business financial reporting. Payments must also be made electronically. Companies House will accept company accounts in the same format, which will apply to all company tax returns being submitted to HMRC from April 2011.

Please contact us on 0161 905 1616 for help with all your tax planning needs.



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Changes to the state pension system

Recent changes to the state pension mean that those who reach pension age on or after 6 April 2010 will encounter major differences in the system.

A person is entitled to claim the basic state pension on reaching state pension age, provided that they have paid or been credited with sufficient National Insurance contributions (NICs) throughout their working life. People who have not paid sufficient contributions can sometimes make up a shortfall in their contributions record by paying voluntary (Class 3) NICs.

Where the state pension age is reached before 6 April 2010 a man generally needs 44 qualifying years and a woman generally needs 39 qualifying years in order to qualify for a full basic state pension. However, where a person reaches state pension age after 6 April 2010, both men and women will generally need only 30 qualifying years for a full basic state pension.

Also from April 2010, the current system of Home Responsibilities Protection (which protects entitlement to the basic state pension for those caring for a child or for someone who is sick or disabled by reducing the number of qualifying years needed) will be replaced by a system of weekly National Insurance credits.

The state pension age is currently 65 for men and 60 for women. However, for women born on or after 6 April 1950 it will gradually

be increased from 60 to 65 between 2010 and 2020. Thus, by 2020 the state pension age will be 65 for both men and women. The state pension age is to further increase from 65 to 68 between 2024 and 2046.

A person can find his or her state pension age by using the state pension calculator on The Pensions Advisory Service website:-

www.pensionsadvisoryservice.org.uk/state-pensions/state-pension-age-calculator



Case study

Elizabeth was born on 4 June 1951. She wants to know when she will be entitled to start drawing her state pension, and how many qualifying years she will need in order to qualify for a full basic state pension.

Using the pension calculator she finds out that her pension age is 61 years, one month and two days and that she will reach state pension age on 6 July 2012. As she reaches state pension age after 6 April 2010, she will need 30 qualifying years to receive the full basic state pension. She should obtain a pensions forecast from the Pension Service (tel. 08456 060 265) to enable her to assess whether it is worth paying voluntary NICs.

If you need advice on making the right provisions for your retirement, please contact Sue Farrington on 0161 905 1616 or send an email to: sf@haroldsharp.co.uk

New advisory fuel rates

HMRC recently withdrew the month's notice previously given ahead of new advisory fuel rates coming into force, following discussions with trade bodies.



The rates are reviewed twice a year. Any changes will now take effect on 1 June and 1 December and will be published on the HMRC website shortly before the date of change. HMRC will also consider making changes if fuel prices fluctuate by 5% from the published rates.

The latest advisory fuel rates, which apply from 1 December 2009, are as follows:

Engine Size	Petrol	Diesel	LPG
Up to 1400cc	11p	11p	7p
1401 – 2000cc	14p	11p	8p
Over 2000cc	20p	14p	12p

The advisory fuel rates are accepted either for employers reimbursing employees for the cost of fuel for business mileage, or for employees reimbursing employers for the cost of fuel for private mileage.

Employers are not obliged to reimburse their employees at the advisory rates, as long as any alternative rates can be justified. For example, using a higher rate per mile where an employee uses a four-wheel drive vehicle in the performance of his or her duties.

Childcare vouchers & salary sacrifice

Despite concerns that the Chancellor would act to restrict or remove tax relief for childcare vouchers in his 2009 Pre-Budget Report, for now at least the relief remains. This means that employees can still enjoy the tax savings associated with childcare vouchers.



Employees can receive childcare vouchers tax-free up to a total limit of £55 per week, with the limit being applied per employee rather than per child.

Perhaps not surprisingly, childcare vouchers are a popular benefit and are often made available to employees under a salary sacrifice scheme. This is a win-win situation. However, for the arrangement to be effective from a tax perspective the change must be a contractual one and the employee must not be allowed to revert to the higher salary at will.

As a result of swapping cash salary for childcare vouchers the employee can save both tax and national insurance (NI) contributions, and the employer also saves employer (secondary) Class 1 contributions.

Here's an example to illustrate how it works:-

Polly enters into a salary sacrifice arrangement with her employer under which she gives up cash salary of £2,860 a year in exchange for childcare vouchers of £55 per week. She is a basic rate taxpayer and pays NI at the main non contracted-out rate of 11%.

Polly would have paid tax of £572 (£2,860 @ 20%) and NI contributions of £314.60 (£2,860 @ 11%) on the cash salary foregone of £2,860. No tax or NI is payable on the childcare vouchers as a result of the exemption. Therefore, Polly is £886.60 a year better off by entering into the salary sacrifice arrangement than if she had continued to receive her full cash salary and paid childcare from her net pay. As a result of the salary sacrifice

arrangement her employer also saves employer NI contributions of £366.08 (£2,860 x 12.8%).

As the relief is given at the employee's marginal rate of tax, a higher rate taxpayer would save tax of £1,144 (£2,860 @ 40%). The corresponding NI saving where contributions are payable at the additional rate of 1% would be £28.60, meaning that in total a higher rate taxpayer would be £1,172.60 better off by taking childcare vouchers under a salary sacrifice scheme than by paying equivalent childcare costs out of net pay.

When entering a salary sacrifice arrangement care should be taken not to reduce cash salary to below the lower earnings for NI purposes (£95 per week for 2009/10) as this may adversely affect entitlement to statutory payments. Also, employers should be aware that they are obliged to maintain non-cash benefits throughout a woman's maternity leave, even where provided as part of a salary sacrifice arrangement.

An individual is not entitled to enter a scheme if the salary after sacrifice would fall below the National Minimum Wage level.

HMRC has updated its online calculator, which helps determine whether an individual who receives tax credits would be better off overall if they were to take childcare vouchers:

www.hmrc.gov.uk/calcs/ccin.htm

Salary sacrifice schemes may affect entitlement to state benefit and tax credits and so the implications of joining a scheme should be thought through carefully by individuals, before they agree to taking them up and altering their contracts of employment.

HAVE YOU CHALLENGED YOUR BUSINESS RATES BILL? *Deadline 1st April 2010!*

The current Valuation List, which comprises all properties subject to Business Rates, has been in force since 2005. It will be replaced with a new list on 1st April 2010. Successful appeals lodged before 1st April may have the refunds of payments backdated to 2005 or to when the occupier moved in if later, or to when an alteration to the property took place, again, if later.

When the new list comes into force, except for very exceptional circumstances, the opportunity to backdate is lost and successful appeals will be effective from 2010. If you have not challenged your rates bill, now is the time to do so. Contact us now – we will send your details to our expert rating & council tax consultants.

Ten steps to a winning website



If you're planning to develop a new website, or feel it's time to improve on your existing one, it's important to think carefully about what you want your new website to achieve before you start. In this article, Carrie Hamer, Marketing Manager at Harold Sharp shares her top tips for getting the best out of your website.

What can a website do for me?

Before you embark on your website project, and even if you already have a website and want to improve it, take the time to think carefully about what you want it to achieve. Many businesses feel compelled to set up their own website because their competitors already have one, but you really need to consider what tangible benefits your business can gain by going online.

For example, do you want to use your website to generate enquiries, sell products online or to be part of your overall marketing strategy to increase awareness of what you do? If you want to sell online, then you need an e-commerce website that is set up to process payments and you'll need to think about how you will handle customer service questions relating to orders, payments and questions about stock availability.

If you want your website to help you promote your products and services, you need to think about what aspects of your business are most important to online visitors. For example, if you run a beauty spa, it would make sense to include a photo gallery to show off your spa facilities, as well as including profiles for your therapists, explaining the beauty services that they specialise in. Of course, if you want to sell gift vouchers and spa

products online, you will also need to include e-commerce facilities within your website.

It's all in the name

Before you spend a single penny on website design, check the availability of your preferred website domain name. UK-based businesses should try to buy a .co.uk domain name, in preference to a .com, as the former can help with search engine optimisation (I'll come onto this later in the article).

You may want to buy the other main top level domains for the same prefix (eg .com and .net), because it will stop unscrupulous third parties from attempting to capitalise on your brand name. Keep your domain name as short, simple and memorable as possible – remember, you might have to include it on your company vehicles or advertising, so the shorter and snappier, the better.

Choose your design agency carefully

When it comes to choosing a website designer, there is a plethora out there, all keen to convince you that they can offer you a brilliant website. My advice is to seek personal recommendations from someone who has had a good experience with a firm, or who has a website that impresses you.

Always try to get three quotes too; the website design market ranges from the hobbyist in his bedroom tinkering with websites as a sideline to the full service digital marketing agency - and everything in-between. Shop around and be prepared to negotiate. There are deals to be done, so be clear about what you want to spend upfront.

When you've found someone you'd like to work with, be prepared to

http://www.co.uk/

draft a short design brief for them. This document should outline your goals, your budget, what content you want to include, what role search engine optimisation (SEO) will play in your website, ideas you may have for the design, and who will write the content.

This last point is very important – not all website firms offer copywriting services, so if you don't feel confident writing it yourself, make sure you ask them if they can do this or if they can recommend a copywriter to you. It's really important that your content is well-written, particularly if you want your website to be optimised for search engines.

You also need to give careful consideration to how visitors will navigate around your website, so you need to group information into logical categories. Don't overcomplicate your website with too much information – keep it to the most essential and if visitors want to find out more, add an online enquiry form, a freephone number or an email address for them to use for additional help.

Search engine optimisation

Put simply, search engine optimisation is a way to ensure that your website is easily found and "ranked" by search engines, such as Google and Yahoo. Ranking is important because it makes the difference between a potential client finding your website using a search engine or finding your competitors.

There are some simple steps that you can take to optimise your search engine ranking. Google ranks your site according to its quantity of inbound links, so encourage third parties to link to your site and provide cross-links between the pages of your own site. Ask your designer to include key search terms (eg. your type of business and town) in the title and meta-tags, as well as in the main body of the text.

However, some website designers will encourage you to have a website that is entirely focused on achieving a good search engine ranking, and this can affect the look and feel of your website, as well as what you say on it. If you plan to sell online, and you are largely dependent on website traffic as your core method of sales promotion, then a heavily optimised website may be right for you. Otherwise, aim to strike a balance between optimisation, content and sales promotion.

Stay legal

All companies and LLPs which have a website are required to display certain information regarding their registration. Other legal areas to consider include disability discrimination and accessibility, the Data Protection Act, and e-commerce regulations (if applicable). Also consider including a copyright notice and a disclaimer. If you are unsure of your legal obligations, you should seek professional advice.

Keep it current and relevant

Once your new website is up and running, don't neglect it! You need to manage and update your website content to keep it fresh and interesting, otherwise visitors will go elsewhere. Try to add new content that is relevant to your visitors and likely customers, or better still, link it to a blog, which is an online journal where you write content of interest to your visitors. Don't be put off! You don't need to write a long entry to keep your blog up to date, but it pays to add a regular entry on something topical.

It doesn't matter what business you are – there's always something worthwhile saying. If, for example, you run a car restoration business, you could write a short blog about the current restoration project you're working on

and include photos throughout the project. By using tags in your blog, you'll also help to improve your website ranking which, in turn, will help increase traffic and get you more orders!

Promote, promote, promote!

So now your website is up and running and all you need to do is stand back and wait for the phone to start ringing. Wrong! You need to relentlessly promote your website, so that people visit time and time again. Include your website address in all your advertising, update any business directories that you may be listed in, add it to your email signature and all your business correspondence.

For specific advice on marketing your business website contact Carrie on 0161 905 1616 or via email at cah@haroldsharp.co.uk



ASK

THE EXPERT



If you have a question for Harold Sharp, please email asktheexpert@haroldsharp.co.uk

This issue, we pose a question to our expert contributor **Samantha Lansbury, Head of Intellectual Property, Sports and Media at Slater Heelis solicitors.**

As the Managing Director of a SME, do I really need to spend any time and money worrying about intellectual property issues affecting my business?

Intellectual property (IP) issues are fundamental to all businesses, irrespective of their size. Failing to understand and protect your IP can put you at risk of other businesses piggy-backing on your ideas or inventions and you losing out on the opportunity to capitalise and commercially exploit the IP in your business.

New products, brands and designs are being developed all the time and SMEs are often the creators behind such innovations.

IP can exist in many of your business assets: your business or product names; logos; written work; products; designs; methodology; trade secrets; staff knowledge; and inventions. IP is also intrinsically linked to the reputation of your company and its services, all of which can be protected by various legal approaches.

If you understand what IP exists in your business, you will be able to incorporate it into your overall business strategy and use your rights at the exclusion of everyone else. You may be able to turn ideas into business assets with real market value.

Conversely, if you fail to protect your IP, you may not only be at risk of it being copied by a competitor but could find yourself at the other end of an IP infringement claim and potentially locked out of exploiting your own IP.

For specific advice, Samantha can be contacted at samantha.lansbury@slaterheelis.co.uk or 0161 975 3807.

www.slaterheelis.co.uk

Revenue publishes new charter

HMRC has published a new charter, which sets out the responsibilities of the department and the rights of the taxpayer.

Under the charter, HMRC gives a commitment to help and support individuals, businesses and other bodies to get things right. The document also asserts that the Revenue must be professional and treat people “even-handedly”.

Furthermore, taxpayers can expect HMRC to: tackle those who deliberately break the rules and challenge those who

bend the rules; protect their information and respect their privacy; accept that someone else can represent them; and do all it can to keep the cost of dealing with HMRC as low as possible.

In return, the Revenue expects individuals to be honest, respect its staff, and take care to ensure that their tax affairs are correct. The charter can be viewed at www.hmrc.gov.uk/charter.

Making the **best use** of losses

The current economic climate has claimed many casualties, and a significant number of businesses are facing losses. However, there are various ways in which losses can be utilised and the challenge is to ensure that they are used in the best possible way. This article examines possible ways of relieving a loss in an unincorporated business against income tax.

Carry-back against previous profits

This temporary relief was introduced to help businesses during the recession. It applies to trading losses made in 2008/09 and/or 2009/10 only. The loss can be carried back against previous trading profits of the preceding three years. If a claim is made to set off the loss against the total income of the same or previous year, then it may be possible to carry back any unused loss for up to another three years. The loss is deducted from the earlier year's profits, starting with the most recent year first. There is no limit on the amount that can be carried back to the preceding year. However, losses carried back to the previous two years are capped at £50,000 per year.

This relief, while available, may be beneficial. It allows immediate repayment of tax. Further, the fact that the loss is only set against trade profits rather than total income means that if the taxpayer has other income for the years of the claim, personal allowances can be preserved.

Extended carry-back is available for losses in any of the first four years of a new trade or in the final 12 months of trading.

Against general income

Where a person carries on a trade and makes a loss in a tax year, that loss can be deducted in calculating that person's net income for the year in which the loss was made, the previous tax year, or for both tax years.

The ability to relieve losses "sideways" is a valuable one and, like carry-back against previous profits, allows immediate relief for a loss.

Against capital gains

To the extent that the loss cannot be relieved against general income in the same or the preceding year, it is possible to relieve any unused portion of the loss against capital gains. The loss is treated as if it were a capital loss, thereby enabling it to be set against any capital gains of the same tax year.

Against future profits

If the loss cannot be relieved in any of the above ways, it can be carried forward and set against future profits from the trade. This is usually the last resort option as the loss cannot be relieved until such time as sufficient profits are made.

Altrincham & Sale
Chamber of Commerce

CHAMBER News



Business Showcase Event

Following the success of the Autumn Showcase event, the Altrincham & Sale Chamber are pleased to announce the Spring Showcase on Tuesday 16 March at the Bowdon Hotel, 5.30pm – 8.30pm.

The event is open to all, whether you are in business, planning to start your own business or just looking for what is on offer in the area.

You are welcome to come along – FREE of charge, or alternatively why not take this opportunity to promote your own business with a presentation stand at a nominal charge?

Join us for an evening of business opportunity in the relaxed atmosphere at the recently refurbished Bowdon Hotel.

Please contact
anne@altrinchamchamber.co.uk
Tel: 0161 941 3250

www.altrinchamchamber.co.uk



Reminders for your SPRING Diary

March 2010

- 31 End of Corporation Tax financial year.
End of CT61 quarterly period.
Filing date for Corporation Tax Return Form CT600 for period ended 31 March 2009.

April 2010

- 5 Last day of 2009/10 tax year.
Deadline for 2009/10 ISAs.
Last day to make disposals using the 2009/10 CGT exemption.
Last date for contracting back into the State Second Pension for 2009/10.
- 14 Due date for income tax for the CT61 period to 31 March 2010.
- 19/22 Quarter 4 2009/10 PAYE remittance due.
- 20 Interest will begin to accrue on unpaid PAYE/NI for 2009/10.
- 30 Normal annual adjustment for VAT partial exemption calculations (monthly returns).

May 2010

- 3 Quarterly submission date of P46 (Car) for quarter to 5 April.
- 19 Last day for filing forms P14, P35, P38, and P38A - 2009/10 PAYE returns - without incurring penalties.
- 31 Last day to issue 2009/10 P60s to employees.

webwatch

ESSENTIAL SITES FOR BUSINESS OWNERS

www.cyclescheme.co.uk

Information on the Government's Cycle to Work initiative, which offers tax breaks on bicycles and cyclists' safety equipment loaned to employees.

www.isma.org.uk

Working to promote wellbeing and prevent stress.

www.hmrc.gov.uk/charter

The new HMRC charter, which sets out the rights and responsibilities of the Revenue and the taxpayer.

www.workplaceharassment.org.uk

Guidance on preventing harassment and violence in the workplace.



KEEP IN TOUCH

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This newsletter is for the general interest of our clients. It is, therefore, essential to take advice on specific issues. We believe the facts are correct at time of publication but there may be errors or omissions for which we cannot be held responsible.

