WHEELERS
WORDS
Wheelers Chartered Accountants and Tax Consultants
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Mike Bell FCA

It is with great sadness that we announce the death of former Wheelers senior partner, Mike Bell. He was much respected and admired both during his professional life and afterwards in his retirement.

He joined the firm in 1970 when Wheelers (then known as G A Wheeler & Co) was a two partner firm with offices in Wisbech, Long Sutton and Downham Market. He retired in April 2006 having spent 45 years in the accounting profession, over 35 of them with Wheelers. Many of his clients became friends and continued to enjoy his company in his retirement – often on the golf course.

He will be sadly missed by us all.

NIC Relief to Benefit Employers

In a measure to help small businesses and to encourage further growth and employment, the Government introduced a £2,000 golden ticket for all employers, effective from April 2014.

The National Insurance Employment Allowance is an annual allowance of up to £2,000 against employers' liability to Class 1 secondary National Insurance Contributions (NICs). It is available to all businesses, charities and amateur sports clubs in the UK and is applied against their NIC bill for the tax year, giving relief of either £2,000 or the total employer NIC for the year, whichever is lower.

Most employers need to do nothing to get this allowance once they have given notice of their wish to participate in the scheme. In the main, it will be delivered via the Real Time Information (RTI) Employment Payment Summary (EPS). If you have payroll software that supports the EPS, you should be able to give notice using the software's EPS module. Some payroll software may not support EPS and in that case you should select "Yes" against the employment allowance indicator within the HMRC Basic PAYE Tools package.

Once you are registered, your PAYE scheme will be deemed as participating in the scheme for the current tax year. Deduction of the Employment Allowance will be immediate in that HMRC will not charge Employer NICs until the cumulative amount due hits the £2,000 threshold.

There are a few exceptions to the "all employers" rule: individuals who employ domestic staff such as gardeners or nannies – even if paid through a PAYE scheme – do not qualify for the relief.

In addition, there are special rules that apply to "connected" businesses: if your business is part of a group, or if you are in control of more than one business, then you are likely only to be entitled to one Employment Allowance. It will be up to you to decide which of your businesses should claim the allowance.

Determining whether or not businesses are connected does involve examining both the individuals in control of the business and any financial interdependence between them – even if their business processes are not linked, a connection may be implied. Businesses run by family members or those who have made loans to other businesses may be deemed as being connected. If you are in this situation, then please talk to us.

For more details about the National Insurance Employment Allowance or to discuss the possibility of using Wheelers' payroll bureau team to help with your PAYE processing, please contact **Helen Garrett** at **helen.garrett@wheelers-accountants.co.uk** or call her on **01945 582547**.

Changes in Fuel Costs Reflected in New Advisory Rates

HMRC sets out guideline rates for businesses to use to compensate employees for their expenditure on fuel for company cars or to reclaim the cost of fuel used by employees in company cars for private travel. These are regularly reviewed and adjusted to account for average fuel costs.

The guidelines are meant to save the employer time by providing figures that can be used in the majority of cases. It's important to use a justifiable rate: if the business claims a higher rate than the actual cost of the fuel used, then any excess will be treated as taxable profit and as earnings for Class 1 NIC purposes. Employers also need to be guided by the advisory rate when calculating the cost of fuel to reclaim the cost of an employee's private mileage – reclaiming higher amounts can only be permitted in exceptional cases such as where the vehicle in question has a particularly high fuel consumption rate.

The current Advisory Rates for Company Cars (effective from 21 March 2014) per mile are:

Engine size	Petrol	LPG
1400cc or smaller	14p	9p
1401cc to 2000cc	16p	11p
Bigger than 2000cc	24p	17p

Engine size	LPG
1600cc or smaller	12p
1601cc to 2000cc	14p
Bigger than 2000cc	17p

The authorised mileage rates for using your private car remain unchanged at 45p for the first 10,000 miles and 25p thereafter.

To discuss how to use these new advisory rates for company cars, please contact Mary Plant at **mary.plant@wheelers-accountants.co.uk** or call her on **01945 582547**.

WHEN GIFTS WORK BOTH WAYS

Making gifts has always been a key element of a strategy to reduce a potential Inheritance Tax (IHT) liability, although for IHT purposes a gift may not be considered completely outside your estate until a period of seven years has elapsed since the gift was made. What that means is that if you die within those seven years, some or all of that gift may still be considered as part of your estate for IHT calculations.

However each of us has an individual set of personal gift allowances that exempt gifts from the IHT calculation. These include an annual allowance of £3,000 per year and any unused allowance can be carried forward for one year, provided that year's allowance is used up first. So if you did not make any gifts in the tax year to 5 April 2014 you can make gifts of up to £6,000 in the year to 5 April 2015 which would be exempt from IHT. On top of that, you can give away up to £250 per year to any number of different people.

There are also allowances for wedding gifts too: a parent can give a gift of up to £5,000, a grandparent £2,500 and anyone else can spend up to £1,000.

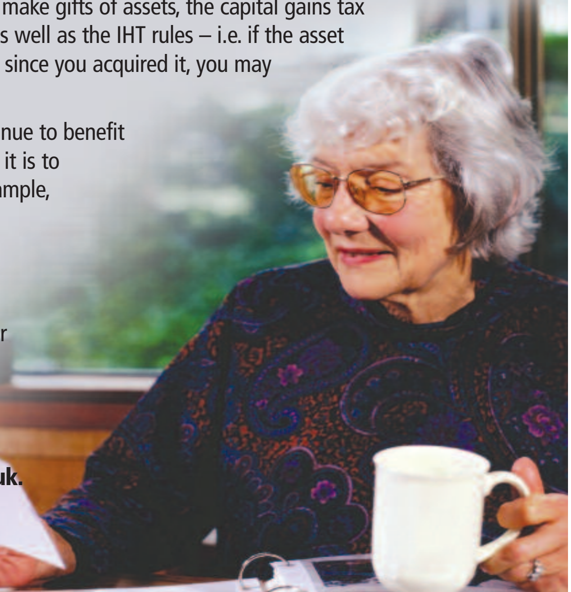
Gifts to charities are also exempt so anything given there will be immediately considered outside your estate – and remember that if you do make a gift to a charity you can increase its value to the charity by using "gift aid". If you felt so inclined, you can also make exempt gifts to political parties.

There is another more complex gift exemption available to you if, as a general rule, you have more income than expenditure. Provided you have surplus income (excluding income from certain investments), you can set up a pattern of regular giving from that surplus which will then become exempt. Bear in mind, however, that you do need to keep careful records to substantiate your claim for exemption on those gifts: you must be able to prove both that you have the surplus income available and that you have established a pattern of giving.

It's also important to remember that if you make gifts of assets, the capital gains tax (CGT) implications need to be considered as well as the IHT rules – i.e. if the asset you are giving away has increased in value since you acquired it, you may incur a potential liability to CGT.

One final note on gifts: you must not continue to benefit from anything that you have given away, if it is to be considered outside your estate. For example, you cannot give away your house to your children and just continue to live in it. In such an event, the gift could be considered as a "gift with reservation of benefit" and will still be included in your estate, however long ago you made the gift.

For more information, please contact **Mary Plant** at **mary.plant@wheelersaccountants.co.uk.** or call her on **01945 582547**



GOOD NEWS on Business Rates

Business rates are a significant part of any business's expenses and the economic challenges of the past few years have left businesses struggling to meet their rates bills. Prohibitive town-centre rates have resulted in the desertion of many a High Street and there have been calls for the Government to help.

The Chancellor has acknowledged that the cost of business rates is challenging and confirmed a number of measures to alleviate this in his Autumn Statement last year. The doubling of the Small Business Rate Relief has been extended to April 2015 and this will be welcomed by many small businesses; it's estimated that around 360,000 of the smallest businesses in the UK will get 100% rate relief.

However, there was no move to bring forward the wholesale review of business rates, which is due to happen in 2017. Business lobby groups have been calling for this to happen sooner and for there to be a freeze on rate increases in the interim.

Business rates are set, in general, every five years and the rate is calculated using a formula that is based on the premises' rental value at a certain point. The most recent review was in 2010, using figures from 2008 – and businesses rental values have fallen considerably since then.

Retail businesses can benefit from a further supporting measure: there will be a discount of up to £1,000 on business rates during 2014/15 and 2015/16 for retail properties, including pubs, restaurants, cafes and charity shops, with a rateable value of up to £50,000.

In an attempt to encourage businesses to occupy empty retail premises, the Government will offer a 50% discount on business rates for eighteen months to businesses who move into retail premises that have been empty on a long-term basis. To qualify for this temporary relief, businesses must move into the new premises on or after 1 April 2014 and before 31 March 2016.

Increases in business rates for 2014/15 have been capped at 2% – as opposed to RPI – providing additional help for businesses. The Government also plans to allow businesses to pay their rates over a 12 month period rather than the current process of paying over 10 months, which should help with cashflow.

For more information about the Small Business Rate Relief and other business reliefs , please contact **Helen Garrett** on **01945 582547** or email **helen.garrett@wheelers-accountants.co.uk.**

Real Problems with Real Time Information

Real Problems with Real Time Information

There has been much coverage of the problems that the new Real Time Information reporting systems have encountered and whilst in the main the systems work well, there are sufficient unresolved issues to cause HMRC to rethink its policy on late filing penalties in the short term.

HMRC has announced that it has pushed back the deadline and overdue filing will not now incur an automatic penalty until October 2014. Late payment penalties will commence in April 2015. It's worth remembering, however, that application of interest on late payments is not to be put back: it started from April 2014 as planned.

The safest way to avoid both penalties and interest is to ensure that you both file and pay on time. Good software tools and well-trained staff are key to your success in this. Using a payroll bureau such as Wheelers is something that works for many small and medium sized businesses as both tools and staff are dedicated to the payroll process and kept up to date accordingly.

For more information about this or to discuss the benefits of using Wheelers Payroll Bureau, please contact **Helen Garrett** at **helen.garrett@wheelers-accountants.co.uk** or call her on **01945 582547** .

Taxing Questions

Could you handle an HMRC enquiry?

The Government has tasked HM Revenue & Customs (HMRC) with the mission to seek out and punish anyone who is guilty of tax avoidance – their aim is to prosecute five times as many tax cases as the previous Government. Whilst that is, of course, a proper course of action and tax avoidance is a crime that should be addressed, the consequence is an increase in the number of HMRC investigations.

A tax investigation can be prompted by a "signal" of some sort – some inconsistency in a return or sudden change to a person's normal financial pattern. However, random investigations where no symptoms whatsoever of suspicious activity have been detected are also on the increase.

Both businesses and individuals can be subject to an investigation. HMRC have the power to demand sight of all of your financial records going back several years and the onus is on you to prove that you have complied with tax law. They also have access to data from all Government Departments as well as external databases such as the Land Registry and the DVLA. It has also been reported that trained investigators will now use other online sources such as Facebook and Twitter to tease out information about those under investigation.

Tax investigations take several forms: they can be a full investigation of your entire financial affairs or can focus on one aspect such as your VAT or your PAYE returns. They can take months, or even years, to resolve.

As accountants, we are regularly called upon to help clients respond to tax investigations and our tax team can help deliver a successful outcome. This will help reduce the amount of time the individual or business has to spend responding to HMRC as well as lessening the stress involved.

However, we do, of course, charge the client for our time in providing this support and this can, particularly in a complex case, result in the accumulation of substantial fees. Even in cases where the investigation shows no additional tax is payable, the client is unable to recoup the professional fees incurred.

We recognise that there is little that clients can do to ensure that they are never investigated by HMRC and offer both our business and personal tax clients the option to take out a special insurance plan that will cover them for professional fees in the event that they are targeted. The fee protection scheme will cover up to £100,000 in fees incurred in the course of an investigation and means that we can do whatever is necessary to satisfy the investigator's queries.

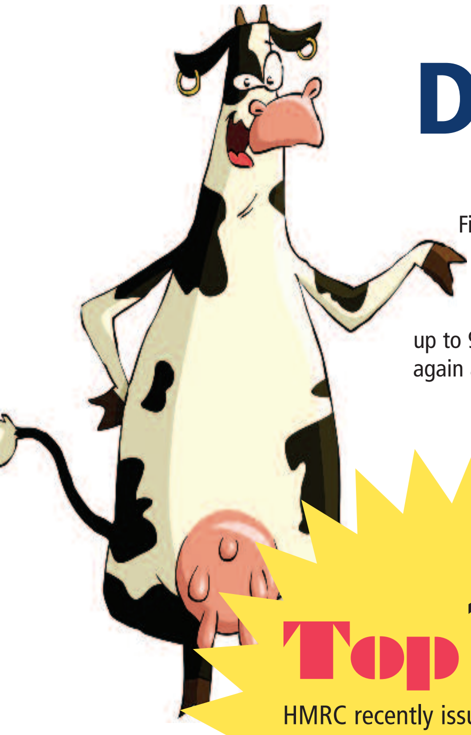
As with all insurances, the cover comes via a premium, payable annually, and we must be looking after your tax affairs in the year of cover to qualify. Many of our clients already have this cover: if you don't and would like to find out more, please get in touch.

It's worth making the point that the insurance will not cover the client for any additional tax due or any penalties that HMRC may levy as a result of the investigation.

Completing Tax Returns is an important task for any business or individual. Good, clear records are essential, but an understanding of the rules relating to reliefs and allowances is needed in all but the simplest of Returns. Help with tax records and Tax Returns can be provided by us and it can be a false economy to "do-it-yourself", particularly if your records wouldn't stand up to scrutiny.

To discuss our fee protection insurance or any aspect of your tax recording and reporting, contact **Mary Plant** at **mary.plant@wheelers-accountants.co.uk** or call us on **01945 582547**.

Don't be late!



Filing your Self-Assessment Tax Return after the 31 January deadline will automatically lead to you incurring a fixed penalty fine of £100 – even if you have no tax to pay. After three months, further penalties kick in, with a charge of £10 per day up to 90 days. More penalties are charged after six months and then again after a year, if you have still failed to file your Return.

The above penalties are just for late filing. Further penalties are payable if you are late paying the tax due: the deadline for paying your tax is the same as for filing your online Tax Return – ie 31 January. In addition, HMRC will charge you interest on your unpaid tax. Pay later than 30 days after the tax is due and you will incur a penalty of 5% of the tax due. At six months, another 5% is levied as a penalty and if the tax is still unpaid at twelve months after it is due, a further 5% is payable, giving a total penalty of 15% of the tax due if you leave it a full year before paying, plus interest.

The filing deadline for paper Tax Returns remains 31 October but those who file online have until midnight on 31 January to do so. It was interesting to see in a recent report that around 1,500 people filed their Tax Returns online on Christmas Day.

If you are not registered for Self Assessment and need to complete a Tax Return, you will need to register within the first six months of the tax year end (ie by 5 October). Once registered, you will be issued with a self assessment reference number and if you wish to file online you will need to sign up for the HMRC online services. You will then need to wait for an activation code, user ID and password from HMRC. If you are planning to do so for the first time for the 2013/14 Tax Return, you should sign up in good time.

If you have a genuine, valid reason for not filing your Tax Return on time, then HMRC may be willing to listen. However, you must let them know as quickly as possible once the problem has gone away. Valid reasons might include personal problems such as serious illness or the death of a partner as well as problems on a more domestic level such as loss of documents through fire, theft or flood immediately before the filing deadline.

To get help with preparing your 2013/14 Tax Return, contact **Mary Plant** at **mary.plant@wheelers-accountants.co.uk** or call her on **01945 582547**.

Top 10

HMRC recently issued a list of its "Top Ten Oddest Excuses" for late filing. It was at pains to stress that none of these excuses resulted in a reprieve for the taxpayers involved, all of whom incurred the automatic £100 late filing penalty!

1. **My pet goldfish died** (self-employed builder)
2. **I had a run-in with a cow** (Midlands farmer)
3. **After seeing a volcanic eruption on the news, I couldn't concentrate on anything else** (London woman)
4. **My wife won't give me my mail** (self-employed trader)
5. **My husband told me the deadline was 31 March, and I believed him** (Leicester hairdresser)
6. **I've been far too busy touring the country with my one-man play** (Coventry writer)
7. **My bad back means I can't go upstairs. That's where my tax return is** (a working taxi driver)
8. **I've been cruising round the world in my yacht, and only picking up post when I'm on dry land** (South East man)
9. **Our business doesn't really do anything** (Kent financial services firm)
10. **I've been too busy submitting my clients' tax returns** (London accountant)

Staff News

We're delighted to report that Wheelers Partner, **Helen Garrett**, has become a Fellow of the ICAEW. This designation is recognised globally and is a testament to Helen's professional standing; it is awarded ten years after achieving the Chartered Accountant status. Congratulations, Helen!

Two members of our Corporate Team, **Stephanie Mays** and **Simon Welland**, have reached a milestone in their professional development: they have become "part-qualified", which is an official stage in achieving Chartered Accountant status. Well done to you both!

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