

Lead stories in this edition: Tax Avoidance
Positive Economic Statistics

What is tax avoidance?

Tax avoidance has suddenly become a big issue in the tabloids. What is tax avoidance? When does tax planning become tax avoidance? Clearly if you get it wrong it is no laughing matter as Jimmy Carr has discovered. The truth is we don't know the answer. Is a specially set up 'trust fund' tax avoidance? If this is the case then many of our political leaders have a problem. Is a business investment with the sole purpose of tax reduction acceptable? Arguably not.



"How can it be tax evasion when they caught me?"

In any event most business people and entrepreneurs do not get involved in these schemes. Like most of our clients they are hardworking business people who are focused entirely on developing and operating their business.

Yes, we all want to minimise our tax payments within the current rules but now that the line between tax minimisation and tax avoidance is so unclear, does that give people the right to hide in the grey area? I think at the end of the day we all know what tax avoidance is!

Positive Economic Statistics

We thought we would lift some spirits and share some positive statistics that may give you a reason to be optimistic.

'Total private sector employment increased by 205,000 to 23.382 million. This is the ninth consecutive quarterly increase in private sector employment and the largest since Q2 2010.'

'All retail sales values in May 2012 are estimated to have increased by 3.3 per cent compared with May 2011. Store price inflation has slowed to 0.9 per cent, its lowest annual rate since October 2009.'

'The price of fuel is currently at its lowest point since February 2011. Unleaded is currently selling at 132p/litre with Diesel currently at 138p/litre.'

National Minimum Wage

Some of the National Minimum Wage hourly rates increase from 1st October and others remain unchanged. The current rates and the rates applying from 1st October 2012 are:

Age	Current	From Oct 2012
21+	£6.08	£6.19
18-20	£4.98	£4.98
16-17	£3.68	£3.68
Under 19 (Apprentice Rate)	£2.60	£2.65

Pensions reform - a reminder

You may recall that new “automatic opt in” pension arrangements are coming in. Employers will have to set up a scheme with a conventional provider or with National Employment Savings Trust (known as ‘NEST’). In essence employees will automatically be in the scheme and will have to take action to opt out.

“D day” is being phased in according to business size and the deadlines were put back last year. Businesses with fewer than 30 staff will now begin to be staged in between January 2016 (apart from some “guinea pigs” which will start in June 2015) and April 2017, instead of the previous timing (which would have started during 2014).

Although June 2015 seems a long time away we all know how time catches up with us. We will be keeping an eye on developments in this area so we can make sure that you are not caught out.

Disputes with HMRC

We normally manage to resolve disputes with HMRC on behalf of our clients by dealing directly with the tax officials concerned. But what happens if there is a deadlock?

A new option is being piloted called the Alternative Dispute Resolution (ADR); the ADR uses a facilitator to mediate discussions between the taxpayer, the agent and the HMRC caseworker. The facilitator in the SME pilot will be an HMRC officer who has been specially trained and has no connection with the case. We will monitor the effectiveness of the scheme and report back in the next update. In the meantime if you have any disputes, contact your accountant to save yourself the stress.

Amusing TAX Idiosyncrasies

In the ‘Spring 2012 Update’ we mentioned that, among other VAT changes, there would be a new VAT imposed on the sale of hot food. Following lobbying, Mr Osborne has reversed his decision. The definition of ‘hot’ food is being altered to allow the reversal. Food that is cooling down rather than being kept hot will not be liable for tax.

There was also a reversal on the tax applied to static caravans which do not currently incur VAT. The initial proposed charge of 20% will now be reduced to 5%.

Morrisons has also lost its battle to sell disposable barbeques as two separate units, which would have allowed them to pay less tax on the lower rate charcoal.

Business Finance is available

Despite the public perception, Business Finance *is* available through an exclusive arrangement with ASC. ASC helps businesses and entrepreneurs, throughout the UK obtain finance, whether it is business finance, corporate finance, property finance or working capital and have been doing so successfully for the last 40 years. Some examples of their more recent accomplishments are below:

“£257,500 has been drawn down this week to help small business owner to purchase the freehold of their car repair workshop.”

“£150,000 has been raised to replace factoring facility with commercial mortgage following down-sizing of haulage business.”

“£80,000 has been raised for invoice discounting for civil engineer groundwork business.”

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