TYRONE ACCOUNTANCY SERVICES

Client Newsletter

September 2014

Reduce your tax liability

Don't let tax be a problem this year! Stay ahead of developments and make sure you take advantage of ways to legitimately reduce your company's liability to tax. Here are some tips business owners should know this year.

Cars

The tax treatment of cars in a company is complex due to recent changes that have affected both the capital allowances that the company can claim on the purchase of a car and the benefit in kind that employees will pay tax on (and the company will pay NICs on). The changes were designed in part to encourage both companies and employees to choose more fuel-efficient vehicles, by linking both taxes to the official emissions rating of the car. Choosing a fuel-efficient car can benefit both the employee and the business, with the lowest emission cars attracting 100% tax relief on purchase and carrying a benefit in kind as low as 0%.

'Green' capital allowances

It's not only some cars that are eligible for 100% first year capital allowances. Any investments in approved

Employment Allowance

Have you claimed your £2,000 off your employer national insurance contributions (NICs) yet?

There is still time to claim your Employment Allowance through your payroll.
From 6 April 2014, virtually all employers (businesses and charities) have been able to claim the Employment Allowances, which enables up to £2,000 per year off employers class 1 NICs to be deducted from the money you pay to HMRC.

Many employers have already claimed and this is easy to do through your payroll or HMRCs basic tools.

If you haven't claimed your Employment Allowance yet, you can do this now.

All you need to do is check your eligibility and then claim through your payroll. This is likely to be ticking a box, or something similar depending on your payroll software.

If you pay HMRC quarterly, before your next payment due on 19 or 22 October, make sure you have claimed your Employment Allowance, so you can make a deduction to the payment you make to HMRC.

You can claim the Employer Allowance after the start of the tax year as long as your business or charity has employer class 1 NICs liabilities and is eligible to claim the Employment Allowance.

Filing PAYE information in real time

It's not only some cars that are eligible for 100% first year capital allowances. Any investments in approved environmentally friendly or energy saving equipment also qualifies.

Employees

Have you got a staff suggestion scheme? This allows amounts of up to £5000 to be paid tax free to your employees for suggestions they make which are outside the scope of their normal duties.

If you have a limited company, have you considered whether cars used in the business are better owned personally by you or by the business? If you own the car personally you will not be taxed on a benefit in kind and can claim a mileage allowance for the business journeys at the approved rate of 45p or 25p per mile. Which is best for you will depend on your car and various other factors.

Our Tyrone Accountancy car is on the road!

Filing PAYE information in real time

April 2014 saw the end of the first full year of RTI, with employers making their final PAYE submissions of the year. The vast majority of employers are now reporting their PAYE information in real time.

In year interest on late payments

HMRC now charges in-year interest on late PAYE and Construction Industry Scheme (CIS) payments. If you pay monthly, your payment is due by the 19th of the month and 22nd of the month if paid electronically. So, to make sure your payment for the month reaches HMRC on time, you need to have cleared funds in HMRCs account by the 20th of the month.
Interest will be charged on all unpaid:

- PAYE tax
- Class 1 NIC
- Construction Industry Scheme charge

"My accountant says this is the best way for me to avoid paying taxes until he comes up with a better plan."

Client Spotlight: Philip Tener

Tener's Butchers

Based in Castlecaulfield, Dungannon, Co Tyrone, Tener's Butchers is a family business run by Philip Tener. Philip's grandfather originally started the business in 1932 and Philip's father then took over the business. Philip took over the reins in 2009. With over 80 years experience Tener's Butchers continues to supply high quality fresh meat products. All products are farm quality assured. They have a reputation for quality products and their historical experience, underpinned by dynamic procurement, process integrity and flexible approach to individual needs ensure complete customer satisfaction at all times. The business continues to expand and they have just recently built an extension whilst still mainlining high quality standards. All Tener's Butchers products are produced locally and his juicy steaks are matured on the bone between 28-34 days, leaving them beautifully tender.

We wish Philip continued success with his ever growing business!

Drumragh Does Strictly

Our very own Catherine Slevin recently took part in the Drumragh Does Strictly. The fun packed night included all the wonderful dancers and the headline act music sensation - Derek Ryan!

Catherine on stage during her performance

7 FUN FACTS ABOUT ACCOUNTANCY

1) Next time you or someone you knows chews on

Southern Derv Claims

Please remember you must have your claim submitted to the Revenue Commissioners by 30 September 2014 if you wish to claim back your VAT on any diesel bought in Southern Ireland during 2013. Please contact Colette if need to submit a claim.

Colette Cassidy VAT manager

1) Next time you or someone you knows chews on some delightfully flavoured bubble gum, understand that an accountant named Walter E. Dimer was actually its inventor! Number-crunchers and gum chewers = A wonderful combination.

2) FBI accountants were the ones who were actually responsible for bringing down the famous Chicago crime boss Al Capone. Despite Capone's many alleged crimes that ranged from bootlegging to murder, he was actually arrested and convicted for income tax evasion. Booyah.

3) Celebrities such as Mick Jagger, Janet Jackson and author John Grisham all initially trained and studied as accountants before finding success in other industries. Traitors.

4) The tax code has expanded by one million words in the past five years. You've all got a lot to say, obviously.

5) Bookkeeper and words derived from it (e.g. bookkeeping) are the only words in the English language with three consecutive double letters! Cool…yeah?

6) 60% of taxpayers must hire a professional to get through their own return. Which means accountants are hardly ever out of jobs, people *need* us.

7) In *Monty Python's Meaning of Life,* Chartered Accountants suddenly go crazy and start plundering the business world from the decks of their bizarrely-mobile office building. Naturally.

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NEW PENSION FREEDOMS

The government is introducing the most radical changes to pensions in almost a century.
The changes were initially proposed by the Chancellor in his March Budget. The Government has now confirmed those changes and provided further details (21 July 2014).
Here we give the basic facts and explain how they might affect you.

CHANGE 1: Flexible access to pensions from age 55
What is changing: From April 2015 pension investors aged at least 55 will have total freedom over how they take an income from their pension. They could even take the whole fund as a lump sum if they so wish. They will then be able to spend, invest or save it as they prefer.
The first 25% will be tax free. The rest will be subject to income tax at your highest marginal rate.
You can choose to take the pension out in stages, rather than in one go, which could help you manage your tax liability. It should also be possible to take the tax-free cash straightaway and the taxable income at a later date.

CHANGE 2: Pension income (drawdown) restrictions to be abolished
What is changing: One of the options investors have had at retirement is to draw an income directly from their private pension fund, known as income drawdown.
From April 2015 these limits will be scrapped. Investors will be able to draw as much income as they like.
Investors already in income drawdown prior to 6 April 2015 will be able to move to the new unlimited regime.

CHANGE 3: New restrictions on how much you can contribute to private pensions
What is changing: Pension contributions are (and will still be after April 2015) subject to a £40,000 annual allowance and specific contribution rules.
However, if after April 2015 you make any withdrawals from a defined contribution pension in addition to any tax-free cash, contributions to defined contribution plans could also be restricted to £10,000.

CHANGE 4: Access to impartial guidance
What is changing: In his Budget speech, George Osborne announced his intention that everyone should have free guidance to help them make sense of their options at retirement.
It has now been confirmed this service will be provided by consumer-facing, impartial organisations such as The Pensions

help them make sense of their options at retirement.

It has now been confirmed this service will be provided by consumer-facing, impartial organisations such as The Pensions Advisory Service (TPAS) or the Money Advice Service (MAS). There will be no charge and it will be offered through a range of channels, including web-based, phone-based and face-to-face. Your pension provider will be required to tell you about the impartial guidance.

CHANGE 5: Transferring a defined benefit pension (e.g. final salary)

What is changing: Anyone with a defined benefit (e.g. final salary but not public sector) pension will be able to take advantage of the new rules and make unlimited withdrawals. To do so, they will have to transfer to a defined contribution pension (e.g. a SIPP). But as you could lose very valuable benefits, you will have to receive Independent Financial Advice first.

CHANGE 6: Retirement ages to increase

What is changing: The age at which you can draw your pension, currently 55, is set to increase. It will be 57 from 2028 and from then increase in line with the rise in the State Pension age. It will remain 10 years below the State Pension age.

This will not apply to Public Sector Pension Schemes for Fire-fighters, Police and Armed Forces.

CHANGE 7: Possible fall in the tax paid when you pass on your pension

What is changing: In March 2014, the Chancellor promised to review the tax paid on pension lump sums when you die. If you are in drawdown, or you are 75 or older, any lump sum paid to your beneficiaries is currently taxed at 55%.

This has not been reviewed yet, but the Chancellor still believes this is too high and has promised a review later in 2014.

If you die before you go into income drawdown or buying an annuity, and before age 75, the entire pension fund can normally be paid to your beneficiaries free of a tax charge.

IMPORTANT NOTE

This is based on our current interpretation of the (Draft) Taxation of Pensions Bill published on 6 August 2014. It is a broad summary and cannot cover every nuance. You should not take, or refrain from taking, any action based on this information. Tax treatment can change and depends on your circumstances. Please remember, taking money out of a pension will impact standards of living in retirement. The value of investments can fall as well as rise so you may get back less than you invest.

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PENSIONS AUTO ENROLMENT

Over the next few months many employers will be receiving letters from The Pensions Regulator advising them of their staging date for pensions auto enrolment. Employers will need to enrol many of their employees into a work based pension scheme and pay pension contributions for these employees.

When does it start?

Determine the staging date for your business go to *thepensionregulaor.gov.uk* and enter your PAYE reference. If you believe you have more than one PAYE scheme or are a part of a larger PAYE scheme we can advise you on your staging date so please check with us.

What will it cost?

Auto enrolment is likely to result in additional costs being borne by your business. The costs to you will depend on the type of workers, generally employees you have in your business, their salary levels and whether or not you currently make pension payments for them.

Please contact us if you would like us to assist you in the initial planning work and to advise you of the cost implications to your business of auto enrolment.

Which pension provider?

Your responsibility as an employer is to have an appropriate pension scheme in place and you will generally need to apply to that scheme some months before the staging date.

Letting employees know

There are some communications that you, as an employer, must send to your

Getting to know...

Crystal McElroy
Office administrator & Customer Care

Raised:
Omagh, Co.Tyrone

Family:
From a family of three, 1 brother, 1 sister, she also has a daughter of her own.

Favourite holiday destination:
Los Angeles

Favourite Hobby:
Walking

Favourite food:
Sunday Roast

Letting employees know

There are some communications that you, as an employer, must send to your workers. These need to be sent around the time of the staging date but there are precise dates by which you must supply information.

Enrolment of workers and payment of contributions

The enrolment of workers into a pension scheme and the calculation and payment of pension contributions to the scheme will require quite a lot of work so please [get in touch]() to see how we can help.

Favourite food:
Sunday Roast

Four celebrity dinner guests:
Pharrell Williams, Will.i.am, Brad Pitt and Johnny Depp

Favourite book/movie:
Pretty Woman

Three words that best describe me:
Reliable, hard working and friendly

UPCOMING DEADLINES

		FILE BY	PAID BY
PAYE	Monthly	19th (of the next month)	19th (of the next month)
VAT	September 2014 December 2014 March 2015	7th November 2014 7th February 2015 7th May 2014	7th November 2014 7th February 2014 7th May 2014
Corporation Tax: Accounting Year-End		**Accounts to be with Companies House by:**	**Corporation tax payable by:**
	30th September 2014 31st October 2014 30th November 2014	30th June 2015 31st July 2015 30th August 2014	1st July 2015 1st August 2015 1st September 2015

This concludes our newsletter. If you would like any further detail on any of the topics raised or would like any

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