



The Bottom Line

TOPICAL INFORMATION FROM MAGEE GAMMON

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Charitable giving: claiming tax relief on your donations

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Business is great . . . when you know where you're heading. We'll be your guide

Magee Gammon Corporate Limited is registered to carry on audit work and regulated for a range of investment business activities by The Institute of Chartered Accountants in England and Wales.

Using the Gift Aid scheme to make charitable donations can both benefit the charity you give to, and improve your own tax position. For those eligible, Gift Aid can increase the value of your charitable donation by allowing the recipient organisation to reclaim the basic rate of tax on your contribution. Higher rate taxpayers may then claim tax relief on the difference between the basic and higher rate of tax, thus allowing you to make the most of your charitable gift.

When you make a charitable donation, to include it in the Gift Aid scheme all you need to do is confirm to the charity that you are a UK taxpayer. This can be done over the phone, by signing a form, or by checking a statement on a website run by the charity.

Once your declaration is received the charity can claim back an extra 28.2% of the amount you gave. This means that for every £78 you donate, the charity can claim back

£22, representing the basic rate income tax you have already paid on your gross income of £100.

If you are a higher rate taxpayer paying income tax at 40%, the charity can't claim back any further tax, but you can. When you give £78 under the Gift Aid scheme you can claim an extra £18 in tax relief, which is 18% of your gross gift of £100.

If your income varies you may pay 40% tax in some tax years but not in others. This means your charitable gifts will only earn you extra tax relief when they are paid in a higher-earning year. However, you can now carry back Gift Aid donations that are made before you submit your self assessment tax return by completing box 15A.4 on the tax form, in respect of the tax year the return relates to.

Contact us for more information on how Gift Aid may help to reduce your tax payments.

Exciting Times Ahead – New Office

Our current office, 19 North Street, has been our home for over 15 years but, like all good things, the time has come to move onwards and upwards. Our 2500 sq ft premises have served us well, helping us to grow from an Accountancy Practice with just 4 employees back in 1992, to over 20 in 2008, but this growth has brought about its own logistical problems. Simply put, we need more space!

Realising the importance of supporting Kent's growing business community, and wishing to stay local for the

benefit of our growing team, we are pleased to announce that we will be moving to our new 6000 sq ft offices on the Henwood Business Park in April 2008.

Benefiting from larger, more spacious offices together with ample parking, our new premises will allow us to continue to grow as we have done over the past 15 years, whilst at the same time allow us to service our existing and new clients with even greater efficiency.

We plan to hold an event to celebrate the opening of our new offices shortly after moving. Further details of this event including invitations will be sent out in the near future.



October 2007



January 2008



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The new ISA regime: benefits for savers

Information given in ISA savings will have, to protect the day of the

- Personal Equity Plans (PEPs) will be converted to stocks and shares ISAs.

There are also proposals to allow Child Trust Fund (CTF) accounts to rollover into ISAs on maturity. The first CTF accounts will mature in 2020, and there will be consultation on the best way to facilitate the rollover.

Key changes to ISA regulations, the following

- ISAs will be made available indefinitely; there is no set end date
 - Every adult will have an annual ISA investment allowance of £7,200. Up to £3,600 can be invested in a cash ISA with one provider; the remainder of the £7,200 can be invested in a stocks and shares ISA with the same or another provider
 - The regulations remove the designations of 'mini' and 'maxi' ISAs
 - Savers will be allowed to transfer existing savings from their cash ISA to their stocks and shares ISA, including cash ISA savings from earlier years; for past years the transfer will not affect the annual investment allowance

tax-free and interest-free

Northern Rock customers

The Government has also introduced special measures to ensure that Northern Rock customers are not penalised for withdrawing savings during the bank's period of financial instability last year.

Special dispensations enable Northern Rock savers who withdrew cash from their ISA accounts between 13 and 19 September 2007 inclusive, to reclaim lost tax advantages by re-investing that money into an ISA account.

Those people to whom the rules apply have until 5 April 2008 to re-deposit their funds into an ISA at Northern Rock, or obtain a certificate from the Newcastle-based bank for the amount withdrawn and present this to an alternative ISA provider.

These regulations are to be covered under the 2008 Finance Bill and apply retrospectively from 13 September 2007.

Employment references: a legal minefield?

Disclaimers

Information given in ISA savings will have, to protect the day of the

Five tips to aid success

- Keep to the facts
- Avoid misleading or ambiguous language to ensure clarity
- Attach a disclaimer
- Devise a company policy to ensure consistency
- Avoid giving verbal references and disclosing detailed medical records

The Companies Act and your business: what you need to know

Many features of company law date back more than 100 years, and are not necessarily suitable for regulating modern companies. The new Companies Act, passed in 2006, aims to modernise and simplify company law and thereby reduce the red tape burden faced by businesses.

Following the Government's recent publication of a final implementation timetable for the Act, selected changes are set to come into effect in April and October 2008, while some of the remaining provisions have been delayed until 1 October 2009.

Reforms to commence in April 2008

Despite the delay to key parts of the Companies Act, the changes scheduled to come into force this April will still go ahead as planned. The biggest change for small companies is that the post of Company Secretary will be optional from 6 April 2008. Your current Company Secretary may resign from that date, although all the forms and registration documents they may currently deal with will still need to be completed and filed. This change will make it easier for a single person to run their own company.

Also coming into effect are important changes to the way company accounts have to be prepared and filed at Companies House. At present, private companies have ten months from the end of their accounting year to file full or abbreviated accounts with Companies House. This period will reduce to nine months for accounting periods beginning after 5 April 2008. Abbreviated accounts will still be permitted for small companies.

In addition, a comprehensive code of accounting and reporting will be required from April 2008, while provisions stating that shareholders may agree limitation of auditors' liability will also come into effect.

Reforms to commence in October 2008

Key parts of the new legislation that are scheduled to come into force in October this year include new rules that prohibit the use of another company to fill the post of sole director in order to protect the owner's personal details. From 1 October 2008 companies must have at least one director who is a 'natural person'.

Changes to the legislation governing child directors are also scheduled to commence on this date. If you currently have young relatives registered as directors of your company they will have to resign if they will be under 16 years old on 1 October 2008.

Measures affected by the delay

Key provisions affected by the delay include the reforms relating to share capital, company formation and directors' residential addresses. Under the latter, directors may file 'service' rather than home addresses. Although you must provide Companies House with your private residential address, it will be kept on a secure private register.

For help and further information on the forthcoming changes, please do contact us.

Rise in fuel charges for company cars

From 6 April 2008 the cost of providing fuel free of charge for company cars will increase by over 17%.

The fuel multiplier will rise from £14,400 to £16,900. This is used to calculate the amount on which directors and employees pay tax at up to 40%, and employers pay national insurance contributions (NICs) at 11.8%.

Directors paying tax at 40% will incur a rise of up to £350 a year from 6 April 2008, with an increase of up to £103.25 in NICs for the company.

Meanwhile new advisory fuel rates, used for negotiating mileage payments for business travel in company cars, came into effect from 1 January 2008. Recommended reimbursement for journeys made in petrol vehicles up to 1400cc now stands at 11 pence per mile.

It may still be beneficial for some directors and employees to receive free fuel – remember that private motoring includes travelling from home to work – so talk to us to reduce the impact the changes may have on your business.

Five tips to reduce fuel consumption

1. Use your gears wisely
2. Check your tyre pressures
3. Choose an economical vehicle such as a hybrid or diesel car
4. Check that your spark plugs are in good condition
5. Leave the car at home and choose public transport



Business Round-Up

Businesses to incur new penalties over illegal workers

Stiff penalties for businesses that employ illegal migrant workers are due to take effect from 29 February 2008.

Under new measures outlined by the Government, employers that negligently hire illegal workers could incur a fine of up to £10,000, while businesses that knowingly take on illegal migrants could face an unlimited fine and/or a two year custodial sentence.

The new penalties are designed to discourage what the Government has called 'exploitative recruitment methods.'

Employers are currently required to carry out checks to determine whether prospective employees are permitted to work in the UK, providing them with a statutory defence from conviction if these legal obligations are fulfilled. For this exemption to be valid, employers must conduct repeat document checks at least once a year for members of staff that have limited leave to enter or remain in the UK. Employers that consciously take on illegal workers are prohibited from using this defence.

The changes are just part of a wider Government clampdown on immigration and a drive to strengthen 'British values'. Plans to ban unskilled non-EU workers from entering the UK have also been announced by the Home Office, while an Australian-style points system is set to come into effect later this year.

Migrants from outside the EU will have to pass a series of tests designed to ensure they possess skills that will benefit the UK economy.

For more information on the new penalties, please visit the Border and Immigration Agency website at www.bia.homeoffice.gov.uk.

Taxpayers could sue Revenue following court ruling

A landmark court ruling has found that HM Revenue and Customs (HMRC) owes a duty of care to the taxpayer for errors that it makes.

The Court of Appeal found that HMRC was liable for a series of mistakes made when processing builder Neil Martin's Construction Industry Scheme application in 1999. As a result of the errors, Mr Martin lost £500,000 and experienced severe disruption to his business.

The court unanimously agreed that HMRC owed a duty of care to the claimant under common law, creating a precedent that will potentially affect future judgments. The ruling will reportedly have major implications for HMRC, whose staff regularly assist taxpayers in completing HMRC forms.

The decision repeals a 2006 High Court ruling in which HMRC was found to owe no duty of care if negligence occurred.

Please contact us for help in completing HMRC documentation – we will be delighted to assist you.



Web Watch

Essential sites for business owners

Fraud Advisory Panel
www.fraudadvisorypanel.org

Aims to raise awareness of the damaging effects of fraud and offers advice on how you can prevent it.

The Pension Service
www.thepensionservice.gov.uk

Contains useful information for businesses on pension schemes and benefits.

J4B Grants
www.j4bgrants.co.uk

Funding information for UK businesses.

Just Giving
www.justgiving.com

Provides tools to help with fundraising, including a charity search facility and automatic Gift Aid reclaim.

Reminders for your Spring diary

February 2008

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|----|--|-------|--|
| 14 | Last date (for practical purposes) to request NIC deferment for 2007/08. | 6 | Disposals from today are subject to the 'new' CGT rules. |
| 28 | Last day to pay any balance of 2006/07 tax and Class 4 NIC to avoid an automatic 5% surcharge. | 14 | Due date for income tax for the CT61 period to 31 March 2008. |
| | | 19/22 | Quarter 4 2007/08 PAYE remittance due. |
| | | 20 | Interest will begin to accrue on unpaid PAYE/NI for 2007/08. |
| | | 30 | Normal annual adjustment for VAT partial exemption calculations (monthly returns). |

March 2008

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| 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 2007. | | |
|----|--|--|--|
- ### April 2008
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| 5 | Last day of 2007/08 tax year.
Deadline for 2007/08 ISAs.
Last day to make disposals using the 2007/08 CGT exemption and the 'old' CGT rules.
Last day for contracting back into the State Second Pension for 2007/08. | | |
|---|--|--|--|
- ### May 2008
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| 3 | Last day for notifying car changes in quarter to 5 April – P46 (Car). | | |
| 19 | Last day for filing forms P14, P35, P38, and P38A – 2007/08 PAYE returns – without incurring penalties.
Also last day for filing contractors' returns. | | |
| 31 | Last day to issue 2007/08 P60s to employees. | | |