



Coates and Partners Limited

Summer 2009

# Newsletter

## Marketing your business in a downturn

**During times of economic difficulty, the marketing budget is often one of the first casualties. However, in a recession it is more important than ever to promote awareness of your business, protect your existing customer base and to be well-positioned when the economy picks up.**

### Retaining existing business

Maintaining your existing customer base is invariably less costly than generating new business. Consider the following low-risk strategies.

### Responding to current trends

Researching current trends in the market and observing how your customers and competitors are responding will allow you to adjust your products or services accordingly, and to compile a clear and consistent marketing message which demonstrates how you can meet the changing needs of customers.

### Increasing cross-selling & upselling

Cross-selling and upselling to existing customers are cost-effective ways of increasing revenue. Make sure your customers are aware of the other products & services you can provide and offer them incentives to increase the volume and range of their existing orders.

### Rewarding loyalty

Offering a loyalty scheme for long-standing & valued customers can show your appreciation & help to secure future business. Consider including loyalty vouchers to encourage your customers to try your other products or services; these can be a preferable alternative to cutting prices and will not devalue your business.

### Keeping in regular contact

It is important to keep the lines of communication open. You might send a regular newsletter to your top customers, offering useful information and advice while promoting your services. Contact customers by telephone to discuss how you can help them further, and if appropriate offer to arrange a meeting.

### Generating new leads

As well as working to maintain existing customers, businesses must also continue to target prospects. By instigating some low-cost marketing strategies, you could even turn the situation to your advantage by gaining market share from your competitors.

### Encouraging referrals and recommendations

Setting up a cross-referral system with your suppliers, and other

businesses that complement yours, is an effective way of generating mutually beneficial leads. You can also use incentives to encourage existing customers to recommend your business.

### Networking

Attending conferences, networking events, trade shows or lunches can generate significant new business opportunities. You can improve your success rate by researching the details of the events beforehand and selecting those which are most likely to generate useful contacts.

### Your business website & electronic marketing

A well-designed and up-to-date company website provides both prospects and customers with 24-hour access to your products and services, and can be an effective and low-cost way of generating sales. Make it easy for visitors to find information and place orders, and include your website address on all correspondence. Sending a monthly email update containing news, information and useful tips is another cost-effective way of keeping in regular contact with both customers and prospects, and reminding them of how you can be of assistance.

**In an economic downturn, it is essential to find ways of securing new and repeat business. With careful planning you could even improve your business's prospects in the long-term.**

#### INSIDE THIS ISSUE:

Should you top up your national insurance contributions?	2
The rise and fall of Furnished Holiday Lettings	2
New penalty system for incorrect tax returns	3
Does the flat rate VAT scheme work for you?	3
Redundancy: making tax-free payments	4
The alternatives to redundancy	4
Corporate away days: could your business benefit?	5
Contracting through your own company	5
2009 Budget Round-Up	6
Business Round-Up	6
Legislation Round-Up	7
Web Watch	7
Reminders for your Summer Diary	7

## Should you top up your national insurance contributions?

The amount of state pension you will receive upon retirement is based on the number of full tax years during which you have paid national insurance contributions (NICs). These years are called qualifying years. If you will reach state retirement age (currently 65 for men and 60 for women) before 6 April 2010, or are already over that age, you need up to 44 qualifying years (for men) and 39 for women in order to achieve a full state pension. This can be difficult to achieve if you have spent some years in full-time study or caring for children.

In such cases, you may wish to top up your NIC record for some of the missing years to improve the amount of state pension you will receive upon retirement. However, before you make this decision you need to check how many qualifying years you have already accumulated. You can do this by ringing the NI enquiries line on 0845 915 5996. If you are due to reach state retirement age after 5 April 2010 you will only require 30 qualifying years to receive the full state pension, so a top-up may not be necessary.

If your 65th birthday (60th for women) falls between 6 April 2008 and 5 April 2015, you have a unique opportunity to top up your NIC record for any six tax years since 1975 where you are missing contributions. You may do this by paying voluntary Class 3 NICs at £12.05 per week.

The National Insurance office is responsible for notifying taxpayers when they have not paid enough NICs in a tax year to make it

a qualifying year. However, for the years 1996/97 to 2001/02 the office failed to do this. Consequently, many people received letters informing them that their NICs for past years had fallen short. Despite this, taxpayers who reached retirement age before 24 October 2004 can still top up their NICs for the years between 1996/97 and 2001/02 by 6 April 2010. Furthermore, contributions may be paid at the rates that applied in those years.

The deadline for paying NICs for missing years is generally six years from the end of the relevant tax year. So if you missed paying contributions in 2003/04 you have until 5 April 2010 to top up that year.

Paying missing NICs for a recent tax year will also allow you to qualify for incapacity benefit or maternity allowance. You may want to provide cover for these allowances even if you already have 30 qualifying years. Please note, if you reach state pension age on or after 6 April 2010 your entitlement to bereavement allowances will still depend on 44 years (men) or 39 years (women) of contributions. If you qualify for Home Responsibilities Protection, this will help to protect your entitlement to the state pension, and could reduce the number of qualifying years required.

**We can help you to decide whether to top up your NICs, and to plan for a more comfortable retirement – please contact us for details.**

## The rise and fall of Furnished Holiday Lettings

**Currently, income received from furnished holiday accommodation in the UK may be treated differently for tax purposes from other rental income. Providing they meet certain criteria, landlords can benefit from tax advantages if they make a loss on their earnings from the property or decide to sell the property. However, the 2009 Budget made significant changes to the rules on Furnished Holiday Lettings (FHL).**

Since their inception, the Furnished Holiday Lettings rules have applied to furnished holiday accommodation situated in the UK only. The Government accepts that this may not be compliant with European law, and has therefore extended the rules to cover furnished holiday accommodation elsewhere in the European Economic Area (EEA). However, this extension will be short-lived as the FHL rules are to be repealed from 2010/11!

In the meantime there is an opportunity for those who have, or have had, qualifying FHL properties within the EEA (but outside the UK) to claim for at least one of the relevant reliefs or other treatments to apply. These include treatment of the FHL business as a trade for the following purposes:

- loss relief
- capital allowances
- Landlords Energy Saving Allowance (LESA)
- certain capital gains reliefs (i.e. taper relief, business asset roll-over relief,
- entrepreneurs' relief, relief for gifts of business assets) relevant earnings when calculating the maximum relief due for an individual's pension contributions.

The letting business must be available for commercial letting as holiday accommodation to the public for at least 140 days, and actually let for at least 70 days, during the relevant 12 month period (for individuals this will be the tax year to 5 April). Lettings to the same person for a continuous period of more than 31 days do not count. Such longer term occupation must not total more than 155 days in the relevant 12 month period.

The claim has to be made within the normal time limits. However, until 31 July 2009, HM Revenue and Customs (HMRC) will accept late amendments to:

- personal tax returns for the year ended 5 April 2007; and
- corporation tax returns for accounting periods ending on or after 31 December 2006.

It must be made clear that the claim or request is being made under the extended time limits for EEA FHL as announced at Budget 2009. The normal rules for late

claims will apply to all other late claims and amendments.

**If you think the new rules may affect you, please contact us and we will be happy to discuss your individual circumstances.**

## New penalty system for incorrect tax returns

A new single penalty regime now applies for inaccurate tax returns or other documents that are due to be filed on or after 1 April 2009. The legislation applies to income tax, VAT, PAYE, national insurance contributions, corporation tax, capital gains tax and Construction Industry Scheme returns. The legislation was extended on 1 April 2009 to cover returns for other taxes and levies due on or after 1 April 2010. Under the regime, taxpayers who take 'reasonable care' with their tax affairs but still make an error will not be charged a penalty. However, taxpayers who are deemed not to have exercised reasonable care are subject to a penalty charge, calculated as a percentage of the extra tax due. The exact rate is subject to HMRC's assessment of the behaviour that gave rise to the error. The criteria are classified as follows:

Nature of the error	Penalty charge (% of extra tax due)	
	Min	Max
<b>Careless:</b> an individual failed to take reasonable care to provide accurate documents	0	30
<b>Deliberate:</b> an individual knowingly and intentionally sent an incorrect document but did not attempt to conceal the error	20	70
<b>Deliberate and concealed:</b> an individual knowingly and intentionally sent an incorrect document and took active steps to hide the error	30	100

HMRC is approaching the issue of 'reasonable care' on a case by case basis. Guidelines suggest that the definition will vary according to an individual's circumstances and abilities. Every taxpayer is expected to make and keep sufficient records to enable them to provide a complete and accurate return, and to seek further advice if they are unsure about any aspect of their tax affairs. Taxpayers who discover a mistake after submitting a return or document must inform HMRC promptly about their discovery, and disclosing errors to HMRC early could reduce any penalty due.

**We can help with all your tax and financial planning needs. Contact us today for further assistance.**

## Does the flat rate VAT scheme work for you?

The flat rate VAT scheme is promoted as a means for small businesses to simplify their VAT records, by allowing them to make one simple calculation of VAT due, based on a flat rate applied to what is known as flat rate turnover. However, operating the scheme correctly is not as simple as it might seem.

### Entering the scheme

Formerly, a business had to calculate two figures, its taxable turnover and its business income, to determine its eligibility to enter and use the scheme. However, on 1 April 2009 HMRC introduced a measure to simplify this process. Now only one figure, taxable turnover, needs to be calculated. In order to be eligible to join the scheme this needs to be under £150,000. Taxable turnover is based on either invoiced totals or cash receipts, according to how the business calculates its liability under the scheme. It consists of standard, zero and reduced rated supplies, before VAT, and should not be confused with flat rate turnover.

### How it works

Once in the scheme you need to apply the relevant flat percentage applicable for your main trade sector to your flat rate turnover in each quarter, and pay the resulting figure as VAT to HMRC.

Your flat rate turnover should include all the sales (including VAT) you make as a VAT registered trader, whether they are standard, zero or reduced rated, or exempt. Therefore even such transactions as the sale of a second hand car, any bank interest received from business bank accounts or rents from residential property, which are VAT-exempt, must be included in your flat rate turnover figure. This means you effectively pay VAT on the gross receipts of sales made on which you have not collected any VAT. You can

stay in the scheme until your flat rate turnover, on the anniversary of the date you joined the scheme, exceeds £225,000.

If you trade through a company, total flat rate turnover comprises all of the income received by the company. If you are a sole-trader your flat rate turnover includes your main trade, and any letting income you receive in your sole name, as lettings are regarded as a business for VAT purposes. Lettings undertaken as a partnership, perhaps jointly with your spouse, are not included in your sole-trade business income.

### Traps to avoid

The flat rate scheme poses a potential trap for buy-to-let landlords who have joined it because of a separate trade undertaken within the same legal entity (sole-trader, company or partnership). In this case the proceeds from selling a let property must be included as flat rate turnover, and the flat rate should be applied to the total. You can withdraw from the flat rate scheme before you sell a high value item such as property, but you must then remain out of the scheme for at least 12 months, although HMRC may allow a one day re-admission if the sale is genuinely a one-off.

Once you are in the flat rate scheme you need to review your mix of sales at least once a year on the anniversary of joining the scheme, and adjust the flat rate to that applying to the majority of your sales. For example, if the owner of a pub sells food, and food makes up more than 50% of their income, the flat rate applicable to catering and restaurants (10.5%) must be used rather than the 5.5% that applies to pubs.

Remember, the flat rates for most business sectors changed on 1 December 2008, when the standard rate of VAT was reduced to 15%, so please check that you are using the correct rate for your sector.

**If you would like further advice in this area, please contact us.**

## Redundancy: making tax-free payments

**Many business owners are contemplating making redundancies, to help combat the effects of the recession. Before you take that step you need to know what you can, and what you must, pay to a departing employee.**

If you are considering a redundancy programme, you need to be sure to follow the correct procedures in relation to employment law. If you plan to make 20 or more employees redundant over a 90 day period, you must consult with the workers' representatives at least 30 days in advance of the redundancy date, or 90 days in advance where there are 100 or more proposed redundancies. The business must also notify the Department for Business, Enterprise and Regulatory Reform (BERR) in writing by letter or by using form HR1, available from its website: [www.berr.gov.uk](http://www.berr.gov.uk)

You can award redundancy pay at any level you wish, but the employee has a right to receive at least the level of statutory redundancy pay. This statutory amount is calculated according to a formula that includes the employee's age and length of continuous service, capped at 20 years. The maximum weekly pay is also capped at £350. The Chancellor announced in the recent Budget that the limit was to increase to £380. This change is likely to come into effect on 1 October 2009.

The BERR website provides a calculator to help employers determine the exact minimum that they must pay. If the business is in

liquidation and has no funds to pay the statutory redundancy, the ex-employee can apply to the BERR Redundancy Payments office for payment using the form RP1.

The tax-free element of redundancy pay is capped at £30,000 per employee, but that amount can only include the following elements: Statutory redundancy pay, an ex-gratia payment, which was not included in the employee's employment contract, pay in lieu of notice, which was not provided for in the employee's contract, the value of any benefits provided as part of the redundancy package, such as the use of a car.

Even if the employee's contract does not include provision for a lump sum to be paid on redundancy, the payment will not be tax-free if the employer normally made such payments and the employee reasonably expected to receive the cash. HM Revenue and Customs (HMRC) will not allow a payment made upon or in anticipation of an employee's retirement to be considered as part of the £30,000 tax-free amount. Payments made by the employer into a registered pension scheme may be tax-free if the conditions for making a pension contribution are met.

**Redundancy can be a difficult time for all parties involved. Wherever possible, businesses should take steps to retain valuable staff and avoid this unfortunate outcome (you have invested a lot of time and money in your staff – and retaining staff will do a lot for morale and goodwill).**

## The alternatives to redundancy

**While making redundancies may initially seem the fastest way of reducing overheads, it is important to consider all of the associated costs, from redundancy payments and potential legal disputes, to reductions in productivity and a loss of core skills and expertise. Considering some alternative approaches could work in your business's favour in the long-term.**

### Factoring in the future

When making key employment decisions during a period of economic decline, it is essential to factor in future recovery. Staff are a vital asset for the small business owner, and they represent a significant investment in terms of recruitment and training. Taking steps to reduce or remove the need for redundancies can help you to minimise associated costs while retaining valuable employees. Some of the options to consider may include:

### Freezing recruitment, overtime and pay

Initial measures may include putting any recruitment plans on hold, scrapping overtime, implementing pay freezes or pay deferral schemes, & cutting bonus payments. Reducing agency & temporary work can also save money while safeguarding key positions.

### Taking a flexible approach

Offering reduced hours and flexible working arrangements, which might include part-time working, term-time working, job sharing and home working, can cut costs while enabling you to retain the workforce in preparation for future recovery. Employees may find a short-time working deal, where they work fewer hours and earn less, preferable to losing their job entirely. You might also consider staff sabbaticals, or secondments to other companies. Flexible hours and remote working options can also be offered as

an alternative staff benefit in times of economic uncertainty. Such arrangements can reduce overheads while helping employees to obtain a good work-life balance. Before making any changes, make sure you are familiar with the terms of any existing employment agreements.

### Retraining and redeploying

Retraining existing staff and using them to fill any vacancies within the business will allow you to retain valuable resources while saving on recruitment costs. When business is slow, give staff the opportunity to develop new skills and ask experienced employees to coach newer members. If appropriate, ask your employees for their input on managing the workload. Involving them in the process may also help to safeguard morale during times of uncertainty.

### Early retirement and voluntary redundancy

If the existing body of staff cannot be supported, early retirement can be a preferable option to compulsory redundancy. Although there are associated costs for both employer and employee, the business benefits can include less impact on staff morale, and less likelihood of legal disputes. It may suit some members of staff to take voluntary redundancy. The initial costs may be higher for your business, and you will need to follow the correct procedures for dismissal, but this option can be preferable to compulsory redundancy in both personal and legal terms, so you should weigh up the relative costs and benefits of both options.

**Considering the alternatives to redundancy could benefit your business. Keeping hold of key employees could save you money in the long run, & will enable your business to respond more quickly when the economy shows signs of recovery.**

## Corporate away days: could your business benefit?

**Ensuring that staff remain motivated and focused can be challenging, particularly in times of economic uncertainty. A corporate away day can provide a reprieve from the pressures of the workplace and may help boost morale and business performance.**

While the cost of organising such an event may deter some employers, investing in team-building activities is often money well spent. Whether your intention is to devise business strategies for the year ahead, launch a new project or simply have fun, a day spent away from the workplace can produce tangible results. Here are some potential outcomes that you might consider:

**Reflect on previous ventures** – Learning from past triumphs and failures could help improve the success and effectiveness of future projects. An away day is the ideal opportunity to reflect on past ventures, and each team member should be encouraged to provide feedback on the business's previous campaigns and initiatives: what worked well? Were there any problems? How could these be remedied?

**Address outstanding issues** – Free from the day-to-day distractions of the office, managers and employees can collectively address and resolve outstanding or persistent issues. An away day provides a forum for discussion, allowing employees to air opinions in a judgement-free environment outside the office. Only by tackling unresolved issues can the business – and its staff – move forward.

**Prepare for a new project** – An away day provides the ideal opportunity to think creatively, exchange ideas and plan new ventures. Moreover, with the team assembled in one place, employers can ensure all members of staff are fully briefed on forthcoming changes and projects.

**Understand the dynamics of the team** – A group day out can provide a valuable insight into the dynamics of the team and individuals' learning and leadership styles. Understanding the personality types of other team members and their strengths and weaknesses will help to facilitate effective communication, conflict resolution and employee interaction.

**Promote a positive company culture** – Away days are an effective tool for evaluating and helping to reinforce company culture. Reiterating the business's core values can help to ensure that they are implemented throughout all areas of the firm; from the top to the bottom.

### Summing up

Don't forget, the summing up part of an away day is crucial to its overall success. Staff are often expected to absorb a lot of ideas and information on the day, so delivering a lucid conclusion can help refocus individuals' attention on the tasks ahead.

**Recessions do force businesses to make tough decisions, but it is important to keep staff motivated and productive.**

## Contracting through your own company

**If you decide to embark on a contract with a customer or agency to provide services through your own company, you need to be aware of two specific areas of tax law: IR35 & the Managed Service Companies (MSC) legislation.**

Where IR35 applies, most of your company's income is taxed as if it was your own salary, subject to PAYE and national insurance (employer's and employee's). This reduces the scope to pay tax-efficient dividends from your company, which are not subject to national insurance or PAYE. The aim of IR35 is to ensure that those working via limited companies are subject to the same tax as if they were employees of their customer, but it is the company rather than the customer that pays the employment taxes.

If the MSC legislation applies, all the income paid to you by your company must be taxed as salary, whether it is classed as wages, dividends or expenses. The MSC law only applies in limited circumstances, generally where the worker does not control the day-to-day functions of the company he or she works through. Most companies that were subject to the MSC law have now been disbanded, but the workers may have been transferred to companies that are potentially subject to IR35.

Critics have highlighted several flaws in the IR35 law, and although HMRC often attempts to apply it to many small companies, it often loses the cases which make it to court. HMRC will try to determine whether you are genuinely working independently through your own company, or if you are in fact a 'disguised employee' and therefore liable to operate the IR35 rules. You need to be able to demonstrate that:

- 1 ) There is no obligation on you to accept work from your customers or for that customer to provide work. This is known as mutuality of obligation.
- 2 ) You are free of your customer's direct control. If you report to a manager within the customer's organisation, the court usually rules that IR35 does apply.
- 3 ) If you cannot complete the work for any reason, you are able to provide a substitute with the appropriate qualifications to stand in for you. The right of substitution must be a genuine condition, although the customer can insist on security clearance for the substitute.
- 4 ) You are in business on your own account, can profit by working more efficiently, and need to correct your mistakes at your own cost.
- 5 ) You do not hold a position in your customer's organisation. This includes not receiving benefits or perks from that organisation such as training or sick pay, and not being invited to attend employee-only events.
- 6 ) You are free to work in your own time, and are paid on the outcomes of the contract
- 7 ) You provide your own tools and insurance cover.
- 8 ) You and your customer both clearly state that the relationship is intended to be one of self-employment.

**Remember that while all of the contracts in the chain between you and the final customer need to reflect as many of these points as possible, the reality of the working arrangement must also stand up to scrutiny. Please ask us to help you with securing your contracting arrangements from IR35.**

## 2009 Budget Round-Up

Chancellor Alistair Darling presented the 2009 Budget Report on Wednesday 22 April. He outlined a series of measures aimed at tackling the recession, as well as strategies to help counteract record levels of Government borrowing. Here we provide an overview of some of the key announcements.

### Income tax reform

A new higher income tax rate of 50% will apply from 6 April 2010 for taxable income over £150,000. Consequent changes will be made to the rate of income tax on dividends, with a top rate of 42.5%, and the rates of tax on trusts, with a 42.5% rate on dividends, with a 50% rate for other trust income. Meanwhile, from 2010/11 the basic personal allowance for income tax will be gradually reduced to nil for individuals with 'adjusted net incomes' above £100,000.

### Capital Allowances

A 40% first year allowance will be introduced for expenditure on qualifying plant and machinery that would normally be allocated to the main capital allowance pool. This will be available to businesses incurring such expenditure in the 12 month period beginning on 1 April 2009 for corporation tax, and on 6 April 2009 for income tax.

### Extension to stamp duty 'holiday'

Last year the Government raised the threshold at which Stamp Duty Land Tax becomes payable, from transactions in excess of £125,000 to those in excess of £175,000. The so-called stamp duty 'holiday' was originally due to expire on 3 September 2009, but will

now remain in place until the end of the year.

### Pension savings

From 6 April 2011 tax relief on pension savings will be restricted to the basic rate for those with taxable income of £150,000 or more. Anti-forestalling measures will prevent those potentially affected from seeking to forestall this change by increasing their pension savings in excess of their normal regular pattern, prior to the restriction taking effect. Those measures will not affect those with income of less than £150,000 for the 2011/12 tax year and for both of the preceding two tax years, and those with income in any of the relevant tax years of £150,000 or more who continue with their existing pattern of regular savings and who do not make any additional pension savings.

Those who do increase their pension savings will be affected only if their total pension savings in the year exceed £20,000. The change will not affect any normal, regular ongoing pension savings that were in place before 22 April 2009, whatever their value.

### Other measures

Other measures announced include an increase in the child element of Child Tax Credit from April 2010; credits towards the basic state pension for grandparents of working age who care for their grandchildren; and a rise in the annual limit for ISAs to £10,200, which will initially apply to those aged over 50 before being extended to other savers from 2010/11.

**Contact us for specific advice about how the Budget announcements might affect you.**

## Business Round-Up

### New dispute resolution code is launched

In April 2009 the statutory dispute resolution procedures were repealed and replaced by a new Acas Code of Practice. The code explains what is considered fair and 'reasonable' behaviour when tackling problems at work. It also encourages employers to resolve disputes at an early stage to prevent the need for a potentially costly and protracted employment tribunal.

Where early resolution cannot be reached, a tribunal will now consider whether a failure to follow the code was unreasonable when making its ruling. It will take into account various factors such as the size of the business, and will have discretion to adjust awards upwards or downwards by up to 25% in relation to either party. In addition to the revised code, Acas has published a non-statutory dispute resolution guide, which provides more information on handling discipline and grievance situations in the workplace.

Following a funding injection from the Government, Acas has also extended the resources available to employers. A new Acas early conciliation service is now available to employers free of charge, while an enhanced helpline (08457 47 47 47) provides further assistance. If you are unsure of your legal responsibilities, you should seek professional advice.

### Court rules sick employees can accrue holiday

Earlier this year, the European Court of Justice (ECJ) made a crucial judgement on the accrual of holiday for employees on

long-term sick leave. The Court ruled in favour of five employees at HMRC, who argued that stipulations in the Working Time Directive entitled them to accrue holiday while they were unable to work due to illness.

When delivering its verdict, the Court made the following findings: A worker does not have to perform any work to accrue annual leave. Therefore a worker's annual leave will continue to accrue during a long-term period of sickness absence even if this means they are on sick leave for the full holiday year.

EU Governments do not have to permit workers to take holiday whilst they are on sick leave, but if they do not allow this, workers must be allowed to take any accrued holiday after they have returned to work, even if this would be after the end of the particular leave year in which it was accrued.

If a worker's employment contract is terminated during a period of sick leave, he or she is entitled to payment in lieu of any annual leave accrued up to the date of dismissal. This payment should be calculated according to their normal rate of pay.

Some leading business groups have criticised the ruling, warning that it could have costly implications for small businesses at a time when many are struggling to weather the economic downturn. The House of Lords is expected to publish its final judgement on the case this Summer.

## Legislation Round-Up

### New rules on tax compliance come into force

New regulations governing HMRC information and inspection powers recently came into force. The legislation is intended to provide a modern framework of aligned powers for HMRC.

Effective from 1 April 2009, HMRC has new powers in relation to compliance checks on individuals and businesses covering the areas of PAYE, VAT, income tax, capital gains tax and corporation tax.

These include the following:

#### Information requests

The power to require taxpayers and third parties (such as a supplier or bank) to provide supplementary information and documents for the purpose of checking a tax position. The recipient is protected by a right of appeal or prior approval by an independent tribunal, except for information requests relating to statutory records.

#### Inspection powers

The power to enter business premises, inspect the premises, business assets & statutory records in order to establish a tax

position, normally by prior arrangement unless otherwise justified.

#### Record keeping

Amendments to existing record keeping legislation, aimed at increasing clarity and flexibility. This includes an extension of the power to inspect records before a tax return is submitted.

#### Time limits

Changes to the time limits for assessment and claims, with new time limits applying from the end of the accounting period or tax year, and a four year time limit also applying to taxpayer claims.

#### Penalties

Penalties apply in the following circumstances: where an individual fails to comply with an information notice; or conceals, destroys or otherwise disposes of documents which have been or are likely to be required by an information notice; or deliberately obstructs an inspection, without reasonable excuse.

HMRC is required to use its new powers 'reasonably and proportionately'. The new powers may be extended to other taxes, duties and levies in the future.

## Web Watch—Essential Sites for Business Owners

#### Car Fuel Data

[www.vcacarfueldata.org.uk](http://www.vcacarfueldata.org.uk)

The official UK source for Car Fuel Consumption and Exhaust Emissions Figures

#### Digital Switchover

[www.digitaluk.co.uk](http://www.digitaluk.co.uk)

Impartial information to help individuals and businesses prepare for the switch to digital TV

#### Government Support

[www.businesslink.gov.uk/realhelp/finance](http://www.businesslink.gov.uk/realhelp/finance)

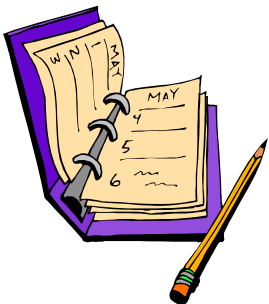
Information on the Government's support package to help firms during the recession

#### Workplace well-being

[www.workingforhealth.gov.uk](http://www.workingforhealth.gov.uk)

Offers resources and advice for employers seeking to improve health and well-being in the workplace

## Reminders for your Summer Diary



#### June 2009

- 30** End of CT61 quarterly period.  
Last day for UK businesses to reclaim EC VAT chargeable in 2008.  
Annual adjustment for VAT partial exemption calculations (March VAT year end).

#### July 2009

- 6** Deadline for submission of Form 42 (transactions in shares and securities).  
Deadline for submission of EMI40 (EMI Annual Return).  
File Taxed Award Scheme Returns, file P11Ds, P11D(b)s and P9Ds.  
Issue copies of P11Ds or P9Ds to employees.
- 14** Due date for income tax for the CT61 period to 30 June 09.

#### July 2009

- 19/22** Quarter 1 2009/10 PAYE remittance due.  
Final date for payment of 2008/09 Class 1A NICs.
- 31** Second self assessment payment on account for 08/09.  
Annual adjustment for VAT partial exemption calculations (April VAT year end).  
Liability to 2nd £100 penalty arises for 2008 Tax Return still not filed.  
5% surcharge on any tax unpaid for 2007/08.  
Deadline for tax credit Annual Declaration (if estimated, final figures required by 31 January 2010).

#### August 2009

- 2** Quarterly submission date of P46(Car) for quarter to 5 July.
- 31** Annual adjustment for VAT partial exemption calculations (May VAT year end).



## Coates and Partners Limited

Chartered Accountants

The Old Vicarage, 51 St. John Street  
Ashbourne, Derbyshire, DE6 1GP.

Telephone: 01335 301850  
Fax: 01335 300315

E-mail: [enquiries@coatesandpartners.co.uk](mailto:enquiries@coatesandpartners.co.uk)  
Website: [www.coatesandpartners.co.uk](http://www.coatesandpartners.co.uk)

Coates and Partners Limited are based in Ashbourne. We are a four director firm with excellent staff support. We predominantly look after owner managed businesses and, as we have been established for over 55 years, many clients are second and third generation.

Although mainly based in Derbyshire, we have a nationwide client base, with some clients staying with us despite relocation. We have in excess of eight hundred clients made up of a wide range of businesses including a strong international section.

As you would expect from an established firm of Chartered Accountants, we provide a full range of compliance services, ensuring that all our clients, whether corporate or not, are carefully and efficiently looked after in all aspects relating to their annual accounts and resultant tax implications. However, in addition to these services, we offer an extensive range of business development services, including strategic management and development.

Please call us for a free initial consultation.

*This newsletter deals with a number of topics which, it is hoped, will be of general interest to clients. However, in the space available it is impossible to mention all the points which may be relevant in individual cases. It is recommended you seek professional advice before taking any action. No liability can be accepted by Coates and Partners Limited for any action taken or not taken as a result of this information.*