

# June 2009

*Cornish Accounting Solutions*

## Essentials For Customer Satisfaction

How would you rate your current levels of customer care? You may think you're doing a good job, but what about the people who really matter? *What would they say?*

For most, the prospect of asking your clients what they really think about your services is extremely daunting. The following tips may help to make life a little easier!

**1. Know your customer's needs.** During any interactions you have with them, be it walking around, calling on the phone...just ask them "How can I help you further?" "What do you feel you need?"

**2. Make it right!** Believe it or not, an unhappy customer is potentially your best sales person. Always follow-up your complaints. Make them feel happy that they let you know there was a problem in the first place.

**3. Be there for them.** During every interaction, always make eye contact and really listen to what the client is saying. Being present in the moment is very powerful.

**4. Enjoy yourselves.** Have fun with the client and smile. Whether or not you make a sale, you will both have a better day.

**5. Be patient.** Talking to someone with your hand on the door knob or looking over their shoulder for your next contact is just plain "bad taste." Really take the time needed for them. Never ever double book and always leave enough time.

**6. Listen!** Summarise and reflect back what you think you are hearing from the client. We all have our own personal filters with which we hear through. Find out if you are actually hearing what they want to tell you.

**7. Be very clear.** Speak slowly, succinctly, and directly to your client. Do not use jargon. Check to see if they have understood you with a few simple, polite questions.

**8. Be friendly.** Shake your clients hand with a warm, firm grip and a smile in your eyes...or if you work on the phone, smile through your voice. Make it obvious that you are genuinely pleased to see them.



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### Quote of the Month

*"We can take any  
credit for our talents.  
It's how we use them  
that counts"*

**Madeline Engle**



## Car Scrappage Scheme

In exchange for scrapping your old vehicle and buying a new one the Government and most car manufacturers will contribute a total of £2,000 towards the purchase of a new vehicle - the scheme will run from 18 May 2009. The scheme will be available to the first 300,000 eligible claimants or until 28 February 2010, whichever is sooner.

*To qualify the vehicle you are trading in must:*

- Be a car or small van weighing up to 3,500 kilograms (kg)
- Have been first registered in the UK on or before 31 August 1999
- Either have a current tax disc, or have a current tax disc and a current Hackney Carriage Licence, or an MOT certificate which expired no earlier than 14 days before the date of the contract between the Purchaser and the Dealer for the acquisition of title to the vehicle by the Purchaser
- Have been registered to you continuously for 12 calendar months before the order date of the new vehicle
- Have a UK address on the registration certificate (V5C) in the same name as the new vehicle
- Have a current MOT test certificate before date of order for the new vehicle

*The new vehicle you want to buy must be:*

- A car or small van weighing up to 3,500 kg
- First registered in the UK on or after 18 May 2009
- Declared new at first registration in the UK with no former keepers



The allowance is funded by a £1,000 subsidy from the Department for Business, Enterprise and Regulatory Reform (BERR) and a further £1,000 discount paid for by the manufacturer. In most cases, VAT cannot be reclaimed on a car purchase even by VAT registered businesses so the discount will only have the effect of reducing the car's purchase price. However, certain VAT registered customers may have to reduce their input tax in respect of the manufacturers' discount. This will only be the case where VAT can be reclaimed on the purchase of a car such as for the purchase of a taxi or a driving instructor's car.

If you are buying a business vehicle under this scheme please note the following points regarding a future claim for capital allowances. The £2000 discount reduces the capital cost of the vehicle. The vehicle you part exchange, or scrap, is considered to be written off for tax purposes and the £2000 discount will not be treated as taxable proceeds of sale.

## P11D Filing Deadline Approaches

Employers should be aware that the filing dates for 2008-9 P11D and P11D (b) is 6 July 2009. Those employers who filed a paper P11D(b) form last year are currently being sent new paper forms and a payslip.

All relevant businesses should receive these forms by 15 June 2009.

Businesses who submitted online forms last year are being sent a payslip and an online reminder to file the form before the deadline.

This year, a new quality standard for the P11D forms has been introduced. This means that paper forms that are not properly completed will be returned and online submissions must be fully complete before submission is possible. The quality standards are designed to check that the employer reference is included, that employees' names and National Insurance numbers are completed and that the list price of any car provided to an employee is shown on the form etc.

Businesses filing online can file the forms using commercial payroll software or HMRC's online facility.

If you need help completing individual forms, or filing returns, please contact us soon as the deadline is fast approaching.



## High Income Earners

Approximately £7bn will be raised from this Budget from high income earners in the UK! The sting will be administered in a three pronged attack via higher tax rates, stripping away of personal allowances and restricted pension relief.

**Super-tax at 50%** . In a surprise move Chancellor Alistair Darling confirmed the new 'super-tax' rate for those who earn over £150,000 will come in a year earlier than expected and be 50% rather than the previously proposed 45%. So those on higher incomes have less than one year, until 6 April 2010, to consider their options before facing the highest tax rate in two decades. Coupled with national insurance contribution increases that are scheduled from April 2011, the new highest tax rate will be 51.5% for employees.

**Personal allowances taper away.** Any individual earning a six-figure income will see their personal allowance begin to taper away with effect from 6 April 2010. Any basic personal allowance will be reduced by up to 100%, at the rate of £1 for every £2 of income above £100,000. Based on the current personal allowance of £6,475, this would mean the full allowance would be extinguished at an income level of £112,950.

**Pension pain.** A further blow for higher earners is the announcement of a restriction on the availability of higher rate tax relief on pension contributions with effect from 6 April 2011, for individuals with taxable income in excess of £150,000.

### What to do?

If you feel you may be affected by these issues there is still time to look at your tax planning options. Please call for further advice!



*"There is still time to look at your tax planning options."*

**For more information please contact Debbie on 01208 74615 . You can also send an email to [debbie@cas-sw.co.uk](mailto:debbie@cas-sw.co.uk)**

## Retirement Issues...



*"Employers now have to follow special procedures."*

Under the Employment Quality (Age) Regulations 2006, employers now have to follow special procedures for an employee who is coming up to retirement. The procedure, often referred to as the "duty to consider procedure", gives the employee the opportunity of asking the employer to consider his or her request to continue working beyond the retirement age.

Retirement is dismissal. If this procedure is not followed, the dismissal is automatically unfair, with an additional potential claim by the employee of up to eight weeks' pay capped at the current weekly pay rate of £350.

The correct procedure involves writing to the employee between 12 and 6 months before the employee's intended date of retirement to advise them of their right to continue working. If the employee wishes to continue to work after the retirement date, they need to respond in writing, between 6 and 3 months before the retirement date, specifying whether they want to continue indefinitely or for a specified period of time.

It is then necessary to arrange a meeting with the employee to hear their requests as soon as is reasonably practicable, the employee has the right to be accompanied by a fellow worker and also to appeal to any meeting. After the meeting the decision should be made in writing stating the employee's decision. If the request is refused, the employer does not need to give reason but **MUST** confirm the retirement date and give details of how to appeal.

## Furnished Holiday Lettings

The EU seem to have caused a bit of an earthquake! As a direct result of EU rulings the UK have been compelled to extend the various tax advantages of FHL status to properties located within the European Economic Area (EEA) - as long as they meet the required qualifying criteria.

It would appear that this did not sit well with the UK Treasury as they have announced that the entire FHL tax legislation is to be repealed, withdrawn, from 6 April 2010.

### What difference will this make?

Obviously if you presently rent out accommodation as a qualifying holiday let in the UK it will make a big difference. From the 6 April 2010 FHL property income will revert to being taxed as non-FHL property income. In a nut shell the downside tax effects after 5 April 2010 are:

- you can no longer set off FHL losses against other income
- you can no longer claim capital allowances for the purchases of furniture and equipment, and
- you will lose significant capital gains tax reliefs including roll-over and entrepreneurs' relief if you dispose of FHL properties after 5 April 2010.

### What are the opportunities?

As always change has upside effects. We have listed two below:

- if you own a let property in the EEA, that would have qualified as a FHL property under the present rules, it may be possible to back date changes to your tax returns for 2007 and 2008. This would include set off of surplus FHL losses against other income.
- if you have sold a property in the EEA that would have qualified for more favourable capital gains tax treatment, computations can be revised for the years ending 5 April 2007 and 5 April 2008.

### What's next?

If you feel that you may be affected by these changes we should meet and discuss as soon as possible. The most immediate deadline is to apply for a late change to your 2007 self assessment tax return if it needs to be changed; this has to be done by 31 July 2009. (If you have operated your FHL trade through a company, amendments to tax computations for accounting periods ending on or after 31 December 2006 have to be submitted by the same date, 31 July 2009.)



## Take Note...

In a recession, redundancies become more common. If you start a new business as a sole-trader or partnership any losses made in the first four years are available to set against your other income taxed in the previous 3 tax years. Thus a business started after redundancy can generate a repayment equivalent to tax paid while previously employed.

Offer your employees a top of the range bicycle plus safety equipment to use for travelling to work and short journeys, such as taking cheques to the bank. The use of the bike is tax-free if the employer retains ownership.

Calculate the cost of fuel used per mile in your company cars. Where this is greater than the advisory fuel rates set by HMRC, you can pay the higher rate to employees who pay for fuel used on business journeys.

This mileage allowance will be tax-free as long as you can show you have made a reasonable estimate of the actual fuel costs for your vehicles.

## Unmarried Couples Tax Position

UK tax legislation relating to capital gains tax (CGT) and inheritance tax (IHT) is biased in favour of marriage or Civil Partnership. The recent Budget has done nothing to change this.

If you are committed to a long term life partnership with another individual, and you are not married or in Civil Partnership, the opportunities to mitigate CGT and or IHT are limited. This article discusses these limited options.

- **Assets owned when relationship started.** Generally speaking it has been difficult to transfer assets between partners that were owned prior to the commencement of their relationship. For IHT purposes the transfer would be treated as a Potentially Exempt Transfer (PET) - any potential liability would only disappear after a seven year period. The IHT risk could be insured against by taking out a seven year life policy, but of course you would have to pay the premiums!

If assets are transferred between partners, and the asset in question is subject to CGT on disposal, any such transfer will create a CGT liability. The only exception is if the market value of the assets at the date of the gift or transfer is the same as, or lower than the original cost. With most share portfolios now in a loss position this may open up opportunities to equalise estates by gifting across securities. This may also crystallise CGT losses for the donor which he or she could put to good use.

Depending on the type of asset, transfers may trigger Stamp Duty Land Tax charges.

And finally, gains on gifts of certain business assets can be rolled over.

- **Assets purchased after the relationship started.** Assets purchased together after the relationship has commenced opens up the possibility of equalising estates by owning such assets jointly. If there are concerns about unequal financial contributions made by partners to purchase the asset, these can be reflected in the percentage share.

In certain circumstances it may also be effective to use a trust to accommodate certain aspects of the transaction.

- **Insurance.** If IHT planning is ignored a partner surviving a first death may be obliged to sell assets, if the couple's assets were significantly above their nil rate bands. (Currently £325,000) This may involve the survivor selling the family home, or taking out a mortgage, to pay IHT. This risk can be covered by a first death life policy written in trust for the benefit of the survivor.

**If you have tax planning concerns as a result of reading this article please call.**

## Compulsory Online VAT Filing

This alert is a reminder to all our business clients with vatable turnover in excess of £100,000 per annum, that from 1 April 2010 they will need to file their VAT return online.

It is presently estimated that only 14% of businesses have volunteered to register for online filing.

From 1 April 2010 at least 65% of all VAT registered businesses will need to register. We suggest that you pre-empt the last minute rush in early 2010, and register now.

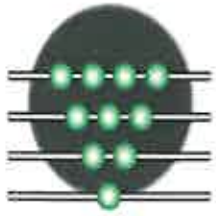
There are two concessions to VAT traders who do file online:

1. You get an additional 7 days to file your return.
2. A further 3 working days to pay any VAT due.

And of course you won't have to worry about postal delays!

If you are computer challenged we would be more than happy to set this up for you! Please call to discuss.





# Bulletins...

**Helping You Succeed**



We would like to take this opportunity to welcome a new staff member to the team.

**Becky Wilkins joins us as a book-keeper and Vat manager.**

Congratulations to **Samantha Greenaway** from Colins Bridal in Callington for completing the London Marathon in 6 hours and raising £1300 for Neurofibromatosis

## Dates For Your Diary

1/7 Corporation tax due for year ends 30 September 2008.

6/7 P11D submission deadline

19/7 Payment of Class 1A Nic due

If you would like us to include your services or products in our future newsletters then please email John on [john.@cas-sw.co.uk](mailto:john.@cas-sw.co.uk)

## Seminars

Following on from the success of our seminars in 2008 we are continuing to run our seminars in 2009.

The next seminar is detailed below;

**29 June Wally**

If you would like to book a place or would just like further information then please contact Debbie on 01208 74615 or email her at

[debbie@cas-sw.co.uk](mailto:debbie@cas-sw.co.uk)

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