

September 2009

Cornish Accounting Solutions

Prioritise Your Time

When you prioritise your day, you choose to work primarily on the important tasks, those that take you closer to your goals. Knowing what your goals and therefore priorities are, keeps you on track and helps to minimise stress.

A crucial aspect of time management is understanding the difference between activities. These can come under 4 main headings, summarised below.

- **Activities that are important and urgent** include emergencies, complaints, crises, customer demands, tasks or projects that are due, meetings, appointments, staff problems, reports, and submissions.
- **Activities that are important but not urgent** are ones which are crucial to your success. They include; planning, preparation, scheduling, research, investigation, designing, testing, networking and relationship building, thinking, creating, modelling, developing systems and processes and developing strategies.
- **Activities that are not important but urgent** are ones that include: trivial requests from other people, apparent emergencies, minor interruptions and distractions, misunderstandings, and pointless routines or activities.
- **Activities that are not important and not urgent** are those that include computer games, surfing the internet, lots of cigarette or coffee breaks, social chats, daydreaming, taking social phone calls or reading irrelevant material.

Time management experts say a lot of time is wasted on those 'comforting' non-urgent, non-important activities while very little time is spent on important but non-urgent activities that could actually make the biggest difference to a person's success.

To Do Lists.

To create your 'To Do' list, write down all the tasks you need to carry out and then identify those that would come under the 'urgent and important' heading. They're the ones that you need to focus your energy on and do first.

Make time during your day for non-urgent but crucial activities like planning, designing, developing, etc.

This kind of 'To Do' list means that you retain control of your time and energy. You'll be able to schedule your work so that you focus mostly on your priorities - those things that move you closer to your goals.

The list will help you to keep focussed on your primary goals. You'll also be able to see at a glance which of your less important tasks can be delegated to other people. If any of your tasks or projects appears overwhelmingly large, chunk them down into manageable pieces so that you can begin work on them immediately.

Allow for some interruptions and unexpected events - make them part of your schedule. You know they'll happen so prepare for them.

One way to minimise interruptions is to delegate tasks that take up your time but don't take you closer to your goals.

Action.

Of course, setting goals, scheduling, prioritising, organising and writing lists are only valuable if you **take action** and make use of the information.



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Quote of the Month

"The question is not whether we will die but how we will live."

Joan Borysenko

More Changes At Companies House

From the 1 October 2009 a director's home address can be protected from disclosure. If you would like to take advantage of this new concession you need to register a service address, which could be your registered office address, with Companies House. This can be done online www.companieshouse.gov.uk from the 1 October 2009.

If you take no action your home address will be taken as your service address until changed.

Just a quick reminder that other recent changes include:

1. You must be aged 16 or over to be appointed as a director.
2. You no longer have to appoint a company secretary, although you can do so if you wish.
3. You no longer need to hold an AGM unless you opt to do so.

Flipping Houses

If you own and occupy more than one property as your home you can elect, within a set time period, for one of those properties to be your main home for tax purposes. You can change this election at any time so another property qualifies as your main home, hence the term '**flipping**'. When you sell your main home the increase in value that has built up while it was your main home, and for the last three years of ownership, is free of capital gains tax.

Three years of the ownership period will be free of tax, even if the property has only been designated as your main home for a very short period, perhaps only a week. This is the tax rule many MPs used to avoid paying tax on the home that had been largely funded by their expense claims.

You can flip your properties just like an MP, if you **make the first election within two years of acquiring another residence**, or within two years of marrying (or civil partnership). If you have missed this deadline on your current properties it may be worth acquiring a very small third property to give you the option to make the election again.

However, beware that the law in this area could be changed with little advance notice following the MP's scandal. If you want to take advantage of this flipping rule, talk to us without delay.



Tax Email Scams

Many people are currently waiting for a tax rebate from the Tax Office, as they have claimed for losses to be set against an earlier year's income. If you are expecting such a tax refund, or even if you are not, take care not to be drawn in by emails that claim to have a tax rebate ready for you. These emails tend to ask for details of your bank account to pay the refund into, but they are scams.

The UK tax office HMRC does not send emails to taxpayers informing them of tax rebates. All such emails are fraudulent, and potentially very dangerous. You should not respond to the email. Do not click on any link embedded in the email as this may allow the scammers to get to your computer through a virus included in the link. Fraudulent emails normally stand out as they are not correctly addressed to you personally. The email may have missing address details or say 'Dear Subscriber' or 'Dear Taxpayer'. Some scam emails include what looks like a tax refund form including a fax back number. You should never complete such a form sent to you by email supposedly from HMRC. To complete genuine HMRC forms yourself you need to log into the HMRC secure website using the login details which will have been sent to you in the post.

If you have doubts about an email supposedly from HMRC, forward it on to the HMRC at: phishing@hmrc.gsi.gov.uk then delete it.

Making things possible!

There are 5 specific abilities that help make things possible:

1) Your ability to Contact & Communicate -- with those who are your current customers/clients... or with those who stand the best chance of converting into new business. So much of this is done randomly or generically -- that huge boosts can be realised by improving all your abilities in this area.

2) Your ability to Capture More From Current Business -- is an area where almost every business can find extra-cashflow and increased-profits -- by being able to implement additional methods with each and every transaction and customer/client interaction. These extra steps can add 10%... 25%... or even 50% each to your profits, in the same number of transactions.

3) Your ability to Work With Other Organisations -- can be an area where a disproportionate amount of additional revenue gets generated by the activities of others. Co-operative opportunities are everywhere... that allow businesses, associations, clubs, community organisations, and special interest groups of all kinds... to work together in ways that benefit everyone.



4) Your ability to Do Things Differently -- is essential in this rapidly changing world we find ourselves in. Nothing can cause you to shoot yourself in the foot faster than by continuing to do the same old things that used to work -- in a new environment where the rules of the game have changed.

5) Your ability to Think Differently -- about your business, what it does, how you operate, and the ways you attract new business -- will help boost your ability to get more business... and help connect the dots in unique ways to discover entirely new sources of revenue and profits.

Accommodate Your Tax Bill

If you are self-employed it can be a struggle to have enough money to pay the two instalments of your tax bill for the year due on 31 January and 31 July. HMRC has realised these two large six-monthly bills can be difficult to manage, so they have set up a budget payment plan to help individuals pay their tax bill in smaller chunks.

It works like this:

- You register on the HMRC website to use the HMRC online service for self-assessment. You don't have to use this service to send in your tax returns, we can still do this for you, but you can review your tax statements online, which is useful.
- Next, set up a direct debit online to pay your self-assessed tax to HMRC. You chose exactly what to pay and whether to pay weekly or monthly.
- About 5 days later the direct debit will be 'live' and it will start to take the amount you have authorised from your bank account at the intervals you specified. These amounts will be set against your next tax bill. You can change the amounts or the intervals at any time, and even cancel the payment plan if you wish.
- Your bank statements will show the payments to HMRC as: 'HMRC NDDS'.

There are some disadvantages to using this budget payment plan:

- HMRC will not pay you any interest on the amounts you have paid in advance towards your tax bill. A deposit account with a bank would pay a very small amount of interest.
- You can only make payments under the budget payment plan by direct debit.
- You cannot get the money back from HMRC to use for another purpose, unless you are due a tax repayment.
- You must be up to date with your self-assessment tax payments before you can join the budget payment plan.

Currently this budget payment plan can only be used by individuals. There is no similar payment plan in place for companies.



Are you a Pink Rabbit?



Now that we have caught your attention with the catchy title the proper title of this month's article is 'How to turn data into profit'. You need to discover how to unleash the power of your customer information and maximise your marketing return on investment (ROI).

Do you know how to audit customer files, plan a data strategy, understand data analysis methods, brief analysis projects and improve marketing performance by exploiting new customer insights.

It is important that there are measures in place to make sure there is some accountability within your organisation. One department that often gets away without any accountability is the Marketing Department.

Marketing departments need to measure and capture data on client's views, results and their investments to be open to accountability. Companies need to start measuring everything in more detail to allow the return on investment to be calculated.

$$\text{Gain from investment} - \text{Cost of investment} = \text{ROI}$$

Cost of Investment

The cost of investment must include everything associated with a marketing initiative i.e. the scores regarding the direct marketing campaign, internet traffic, hours spent on creating, deploying the direct marketing campaign and all other operational functions associated with the initiative.

Only when the ROI is worked out can effective marketing strategies be put in place and money invested to attract the right type of customers in the most cost effective way thus creating profit for the company. One example, do you know how much your company's annual golf day cost and what business was generated from it, what was the ROI on the golf day?

Data sits at the heart of all relationship marketing strategies and success depends on an organisation's ability to turn this data into real and usable customer knowledge.

VAT and Internet Trading

We have listed below some of the issues you will need to consider:

1. **Selling goods to EU non-registered VAT customers.** If you sell to this group and the goods you sell are VAT able, you simply charge UK VAT as usual. But beware! If the value of sales to a particular EU country exceeds their "distance selling limit" (either 30,000 or 100,000 euro's) you may need to register your business for VAT in that country.
2. **Selling services to EU non-registered VAT customers.** If you sell services to EU non-business customers the distance selling rules do not apply. Sales of services are effectively zero rated to all customers outside the EU and to EU business customers. Services in this context include a license to use computer software, sale of copyright (inc. photographic images), and telephone services. If you need a full list please call.
3. **Selling books electronically.** Ordinarily sales of printed books are zero rated. If a book is sold in electronic format it is treated as a supply of services, not goods and is therefore a VAT standard rated supply.
4. **Receiving or selling newsletters.** If you buy or sell a printed newsletter the supply is generally zero rated. If you send the same newsletter in electronic format it converts to a standard rated supply.

The above notes do not cover all situations. If you are involved in the purchase or sale of goods or services to non-UK customers and would like more information please call.

What Happens To Your Pension Fund When You Die?

The quick, or perhaps not so quick answer to this question can be found in the small print of your pension fund rules and regulations. The tax position and the practical answers tend to fall into the following broad headings.

Up to age 75 you will have a degree of flexibility in the way in which you choose to take benefits from your fund. After age 75 you will be required to crystallise your fund - draw an income from your fund or buy an annuity. Interestingly after age 75 you also lose the right to take a tax free lump sum.

Usually you can crystallise your pension fund from age 50 (until 5 April 2010), 55 after 5 April 2010. Once you have crystallised your fund, then in the event of your death before age 75 your dependents have two choices:

- your spouse, civil partner or other dependants can use your fund to provide a pension. Any pension received would be taxed as earned income in the usual way, or
- your beneficiaries could elect to take the entire fund less a tax charge of 35%. (If you die before you have crystallised your fund, there would be no tax charge.)

Once you have taken an annuity (i.e. you have purchased the right to a guaranteed income for the rest of your life) when you do die the right to the income ceases unless:

- the annuity provides for a guaranteed minimum period of payment and part of that minimum period is unexpired, or
- the annuity provides for a spouse or civil partner's pension.

In all cases once an annuity is purchased the right to recover any of the pension fund surrendered is lost.

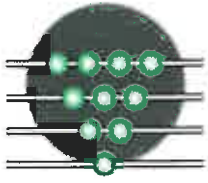
After age 75 the situation is a little more complex!

If an annuity is purchased the above comments still apply. However it is possible to take an alternatively secured pension, an ASP, This provides for an income, a pension, but does not require you to part company with your pension fund. If you die whilst taking an ASP the following choices apply:

- the fund may be used to provide a pension for a spouse, civil partner or other dependent, subject to tax.
- on the subsequent death of the spouse, civil partner or other dependent the fund can be passed to a charity with no tax charge.
- if the fund is not passed to a charity it is subject to inheritance tax (at 40%). The residual 60% then remains unallocated. The legislation is unclear on how the unallocated fund can be used or indeed how long it remains unallocated. However if the pension scheme rules allow, it may be possible to add additional members and benefit them accordingly.

So the answer to the question, what happens to your pension fund when you die, is complicated. If you need clarification regarding your own scheme have a word with an Independent Financial Advisor, who we can recommend. If you need advice on the tax consequences we would be happy to take a look for you.

HAPPY RETIREMENT



Bulletins...

Do you have any news you would like us to share with our readers?

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

Thomas Olver who joins us as a trainee accountant.



If you would like us to include your services or products in our future newsletters then please email Debbie at **debbie.@cas-sw.co.uk**

Dates For Your Diary

DATE

1/10/09

Due date for corporation tax due for the year ended 31 December 2008

DATE

19/10/09

CIS tax deducted for the month ended 5 October 2009 .

Filing deadline for the CIS300 monthly return for the month ended 5 October 2009.

PAYE and NIC deductions due

CORNISH ACCOUNTING SOLUTIONS **Helping You Succeed**

Seminars

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

4 WAYS TO GROW

5th October

Wally

2nd November

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

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