

People at TTR Barnes

We have been Busy Bees over the past few months, both in & out of the office.

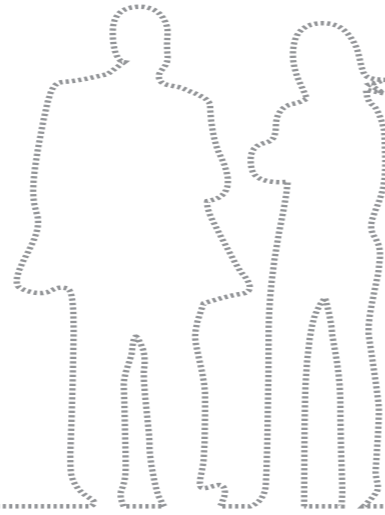
The annual Northern Society of Chartered Accountants Charity Quiz was held recently, and we entered 2 teams as usual. The outcome, slightly less usual, was that Trevor's team won! While this does mean that he's going to be impossible around the office, we are very pleased with his team's success, and our chosen charity to receive the £400 prize money is Sunderland Headlight. See our article on Page 6.

The result was very close, with our other team (who were one man down, due to illness, and possibly the Oasis Concert the night before), scoring only one point less than the winners.

While some of us were enjoying ourselves with a glass of something nice, and a quiz, our Senior Receptionist, Sarah Riddell was midway through the Coast to Coast cycle challenge, with her husband, Paul Riddell, and a team of other enthusiasts, cycling 140 miles from Whitehaven to Roker. The money raised will go to the Donna Claire Venture. Earlier this year, Sarah also completed the Race for Life, on foot this time, once again running in aid of Cancer Research.

Another energetic member of the office, Chris Ewen, our Graduate Trainee Accountant, ran the Blaydon Race in aid of the Muscular Dystrophy Campaign.

Congratulations to Richelle Tate, who decided last year that she wanted to do something completely different in her spare time, and signed up for a Beauty Therapy course with Sunderland College. Not quite realising what she was letting herself in for, Richelle expected an enjoyable time practicing facials and manicures. Instead she had to learn a raft of technical information about muscles, skin composition, and diseases. She has passed the course with flying colours, leaving her classmates way behind. Now all we need to do is find room in the office for a Treatment Room - lunch breaks would never be the same again!! Please make sure you collect your books and records as quickly as possible, once your accounts are complete - we now need the space even more!



T T R B A R N E S I N F O C U S

Welcome to the latest edition of the TTR Barnes Newsletter, In Focus. I promise I will not mention the dreaded 'CC'. As soon as I hear, or read about it, I feel an unconquerable urge to switch over the TV channel, turn over the page, or go and contemplate the green shoots of the flowers growing in my garden, rather than the shrivelled weeds of the economy! In this newsletter, we have covered a broad range of issues; from an article on one of the latest beneficiaries from Channel 4's 'Secret Millionaire' programme, to how to recover from disaster, including fire, flood, or maybe even Swine Flu! Also, we reveal the latest scheme from the Inland Revenue to help businesses struggling to meet their tax liabilities. Other features include the recently announced tax breaks for furnished holiday lettings property abroad, and details of how the new Car Scrappage Scheme works and the tax consequences.

On a slightly different note, Careless Talk Costs... our article on the Data Protection Act may give you food for thought about your day to day dealings and use of information.

We do hope you enjoy the Newsletter.....



A Helping Hand from the Inland Revenue!

To recognise the challenging economic climate and to lend a hand to taxpayers in these difficult times, the Inland Revenue has set up a dedicated telephone support line to offer taxpayers deferred terms for settlement of their tax liabilities.

Anyone who is genuinely struggling to pay their tax is encouraged to contact the helpline on 0845 302 1435, which is open Monday to Friday 8am - 8pm and Saturday and Sunday 8am - 4pm, to discuss their position and if possible to make arrangements to settle their liability over a longer period. Alternatively we can negotiate an arrangement on your behalf if you call us to discuss your situation.

Therefore, anyone with a second payment on account due on 31 July 2009, who anticipates that they may have a problem in paying their tax on time should take full advantage of this 'helping hand' offered by the Inland Revenue.

In the majority of cases, the feedback from individuals, businesses and accountants who have made applications has been positive and the Inland Revenue has, in most cases been sympathetic and understanding.

Typically, payments can be spread over a six month period, depending on the amount involved and your circumstances.

It is important to note that interest, is currently charged at a rate of 2.5% on any tax paid after the due date, and in the case of the second payment on account, this will be after 31 July 2009.

The main advantages of coming to a payment arrangement with the Inland Revenue is that no formal collection procedures are enforced due to late payment and no surcharges are levied. In normal circumstances these would start at 5% of the tax outstanding, when the tax is more than 28 days late, rising to 10% after 6 months.

In addition, taxpayers who anticipate a reduction in their profits during the current tax year can apply for their Payments on Account to be reduced, so that they are more in line with this year's profits. Normally, Payments on Account are based on the previous year's tax liability.

For example, take a sole trader with a June 30th year end. In normal circumstances, the Payments on Account for 2009/2010 would be based on the agreed accounts to 30 June 2008 and would be payable in two equal instalments on 31 January 2010 and 31 July 2010.

However, say there had been a noticeable fall in profits to 30 June 2009, the payments on account would on this occasion be excessive. Therefore, an application can be made to the Inland Revenue to reduce the 2009/2010 Payments on Account based on the anticipated net profit.

If the original Payments on Account had been say, £5,000 each and you felt that a more realistic level was closer to £3,000 each, based on your estimate of net profit, then you could submit a claim to reduce the 2009/2010 Payments on Account to the Inland Revenue.

Depending on the timing of the claim, if you had already paid, the £5,000 on 31 January 2010, this would be taken into account and the second Payment on Account, due on 31 July 2009 would be reduced accordingly to £1,000, bringing the total amount paid against the payments on account for 2009/2010 to £6,000.

When the accounts to 30 June 2009 are completed, the Payments on Account for 2009/2010 will be looked at in more detail to ensure that they have not been reduced too far, as interest charges will be levied if this is the case. Equally, if the actual profits are even lower than anticipated, a further 'Claim to Reduce' the Payments on Account could be made at this time.

The actual tax liability for 2009/2010 will be finally agreed when the Tax Return to 5 April 2010 is completed and any tax overpaid will be refunded once this has been processed by the Inland Revenue.

Please note that Payments on Account can be reduced by individuals, sole traders, partnerships and trusts.

Should you have any concerns in relation to your ability to settle the second payment on account due by 31 July 2009, or if you anticipate a fall in your income and you would like us to look at the possibility of reducing your Payments on Account in more detail, please get in touch with us.

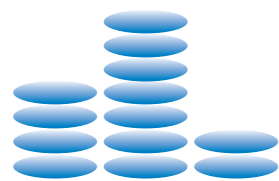
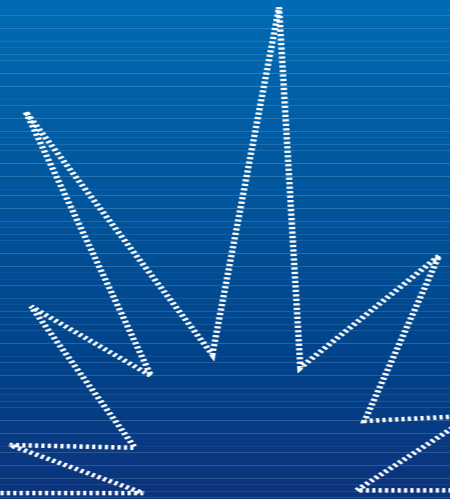
Gas Safety Requirements for Landlords

Landlords letting property equipped with gas appliances need to ensure that they comply with the law relating to gas safety. As a landlord, it is your responsibility to ensure that any pipe work, appliances and flues provided for tenants are maintained in a safe condition.

With effect from 1 April 2009, the Corgi registration was replaced by the Gas Safe register. All gas engineers must now be registered via Gas Safe, and should have id bearing the yellow Gas Safe logo.

You must now make sure that a gas safety check is carried out on each of your properties every year by a Gas Safe registered engineer. A registered engineer has to check gas appliances and confirm they are safe and issue the relevant certificates, and the certificate must be given to the tenant within 28 days.

You must also make sure that your tenants know how to turn off the gas supply, in the event of a leak.



T T R B A R N E S
chartered accountants

TTR Barnes Limited, registered to carry on audit work by the Institute of Chartered Accountants in England and Wales, registered in England and Wales, registered number 4292624, registered office 3-5 Grange Terrace, Stockton Road, Sunderland SR2 7DG.



New for old - or even Scrap!

After a bit of 'stalling', the car scrappage scheme came into effect on 18 May 2009. 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 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 manufacturer's discount. This will only be the case where VAT can be reclaimed on the purchase of a car, such as 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 £2,000 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 £2,000 discount will not be treated as taxable proceeds of sale, and as such, will not generate a balancing allowance.
- Vans qualify for this scheme if they weigh less than 3,500kg. The old vehicle must also be registered in the name of the person who trades it in, for at least 12 months before the registration of the new vehicle.

A new van will qualify for the 100% first year allowance under the Annual Investment Allowance legislation, assuming the annual £50,000 cap on expenditure under this legislation has not already been exceeded for the year.

An electric car or car with emissions of 110g/km or less will also qualify for a 100% first year allowance. Other new cars will qualify for either the 10% or 20% capital allowances depending on whether the vehicle's CO2 emissions are under or over 160g/km.

Only the net price actually paid after the full £2,000 discount is taken into the capital allowance pool. The scrapped vehicle is treated as being disposed of for nil proceeds, not for the £2,000 discount.

The VAT position is complicated as only the manufacturer's contribution of £1,000 is treated as a cash-back for VAT purposes (see VAT brief 08/07). The purchaser must reduce the VAT they reclaim in respect of the van by £130.43, which is 15/115ths of the gross £1,000 discount. The £1,000 Government subsidy does not change the VAT position. Businesses cannot normally reclaim VAT on new cars, unless the car is to be used as a taxi, driving instruction car, or for self-drive hire.

Companies considering buying a car which will have private use, should factor in the proposed increases in the car benefit charges proposed for the next two tax years. The percentage of list price used as the chargeable benefit will increase by one percentage point in 2010/11 and again in 2011/12. Also the £80,000 cap on the list price will be removed for all cars from 6 April 2011, which will produce some very high benefit charges for expensive cars.



More beneficial tax relief available on leased cars

Under the old rules, where the value of the car exceeded £12,000, a restriction was imposed on the level of rental payments you could claim as an expense against your business profits.

Under the new rules, introduced in April 2008, there are no restrictions on car rental lease payments, unless the CO2 emissions exceed 160g/km, in which case a flat rate 15% reduction of the rental payments will be applied.

Watch out, watch out, there's a taxman about!

Spot-checks for companies and self-employed people who run their businesses from home

With effect from 6 April 2009 Tax Inspectors are now able to carry out spot-checks on all companies and self-employed people who run their businesses from home. Landlords, online traders and other people who work from home could find the taxman turning up on their doorstep unannounced demanding their records, as the government seeks a big increase in the Revenue's powers.

Under the new scheme, Inspectors will be permitted to visit businesses with no warning to 'inspect records, assets and premises.' Previously, HM Revenue & Customs' (HMRC) needed to open an enquiry into a company and then give 24 hours' notice of a visit.

Under the old regime, Tax Inspectors would usually have had to provide evidence of criminal activity and seek permission from a judge to carry out unannounced spot checks.

However, new powers will give HMRC the right to visit business premises to demand access to records without warning. That could include your home if that is where you work.

Among the proposals are new powers to enable the taxman to obtain information more easily from third parties such as banks and building societies.

During last year's crackdown on offshore accounts HMRC managed to obtain details of 400,000 accounts, but only after court action forced the banks to provide this information. The Inland Revenue wants extra powers to force outside agencies to hand over details. How this will work in practice has yet to be finalised.

At the moment you can be fined up to 100 per cent of the unpaid tax for an incorrect Tax Return, but discounts for cooperation and disclosure reduce fines substantially for the majority of people.

Interestingly, under the new rules, VAT officials will lose the power to turn up at people's homes without notice.

New powers announced

- Powers to turn up unannounced at business premises, including homes.
- Tough penalties for failure to allow an inspection.
- Banks, building societies and other third parties to be forced to hand over customer records.
- Single penalty regime for all taxes, including inheritance tax.
- Taxpayers could be fined for carelessness even if their accountant made the mistake.
- People will be able to pay their tax bill by credit card.

This extension of HMRC's power comes as it also prepares to address the issue of tax loopholes in the coming year. The Treasury claims that the crackdown, which it calls 'protecting tax revenue,' will raise £660m in revenue next year alone.



When does a new 50% higher tax rate become a 60% tax rate? - when you take a closer look at the maths!

It was announced in the last Budget, that from next April a higher rate of income tax of 50% will be introduced for anyone with income over £150,000.

In addition, personal allowances will be withdrawn to nil for those with income between £100,000 - £113,000.

The effect of the gradual withdrawal of the personal allowance means that anyone with income between £100,000 and £112,950 will be paying a whopping 60% tax on their earnings over £100,000.

For someone with taxable income of between £112,951 to £149,999, the effective marginal rate of tax is 40%, increasing to 50% for someone with taxable income over £150,000.

In real terms, someone with income of between £110,000 and £150,000 will be £2,600 worse off and someone with income of between £150,000 to £175,000 will face a £5,000 drop in take home pay!

The trust tax rate will be increased to 50% and the dividend rate to 42.5% to match those for income tax.

The Chancellor didn't stop there. His attack on the high earners also targeted their pension savings. From April 2011, if you earn more than £150,000, higher-rate tax relief on pension contributions will be restricted, until you get only basic-rate relief if you earn £180,000 or more. In other words, if you are a high earner and want to pay £100,000 into your pension, it will currently cost you £60,000. In the future, the same contribution will cost you an extra £20,000, ie, £80,000.



Would you like to accompany me to the station?

The train station, that is. The Lost Property Office these days can be a mine of information, containing CD-Roms with personal details, abandoned by government officials, etc. So, for that matter can cars, pubs, and even second hand computers.

Over the past few years, private and confidential information has been left unguarded and available for anyone who wants to use it.

For that matter, the journey itself can be illuminating; from the businessman at the other end of the carriage, discussing his latest account in a loud voice (doubtless because it's a bad line), to the nervous "Newbie" next to you, busily preparing a confidential presentation to his Head Office bosses, making use of the wonderful Wi-Fi facilities available on the train. You could reach your destination with contact details for a potential new client and the latest salary figures for a large company.

All these people could be in breach of the Data Protection Act, and therefore, open to possible prosecution for neglecting to take steps to protect confidential information, and in these circumstances, it's difficult for individual bystanders not to absorb some information that would not otherwise be in the public arena. There are few places more public than a train carriage, and yet, so many people use them to start/end personal relationships, discuss confidential business matters, and menu plans for the evening/entire week! Most of which, the majority of us could quite happily live without knowing.

While the big stories make the headlines '...names and addresses of thousands of individuals...'; 'thousands exposed to the risk of identity theft...'; most of us going about our daily business never give a thought to the information we carry in our heads, mobile phones, laptops, flash drives, etc, and that's only the portable stuff. Confidential information held in any format by organisations is covered under the Data Protection Act, and we are all required to take the necessary steps to ensure its security, including, if necessary, registering with the Information Commissioner's Office (ICO). We also need to consider how to ensure that personal data is protected, both electronically, and physically. Ideally, it is a good idea to appoint a single person to be responsible for data protection within an organisation, and that applies to all sizes of business, whether a sole trader (which makes the appointment easier to identify) or a large business with several offices. The steps you need to take, however, will depend on the type and amount of information you hold.

A lot of the actions involved to ensure that data is protected will likely already happen automatically within the normal business considerations (locked filing cabinets, a burglar alarm, password protection for computer and database files), but it is worth taking the time to review your systems regularly.

While this may sound like more dreaded paperwork, or even worse, **Administration**, at least you will have the comfort of knowing that you have addressed the issue, and can answer to this, if asked, by an employee, a customer, or the ICO himself; and once the list is done, all it requires is a review once a year, and you are all up to date - award yourself a gold star, a cup of coffee and a Rich Tea biscuit.

For more information regarding the Data Protection Act and its requirements, visit www.ico.gov.uk, where there is a lot of easily accessible, and readable information available, and remember; even if you think you don't hold sensitive information, if you have a customer list, you do hold sensitive information that is certainly of value to you, and potentially your competitors; now isn't that something worth protecting?



National Minimum Wage changes- Can you afford to ignore them?

We urge all employers to read the following changes to the penalties that will automatically be levied after 6 April 2009 if you fail to observe your obligations regarding payment of National Minimum Wage rates.

From 6 April 2009, a new automatic penalty will be levied where HMRC compliance officers find arrears of the National Minimum Wage (NMW).

Penalties will range from £100 to £5,000 and those employers who settle within 14 days of notification will receive a 50 per cent discount of the penalty for prompt payment. The penalty

must be paid in addition to any arrears owed to the workers. The most serious cases of non compliance may be tried in a Crown Court and subject to an unlimited fine.

To reflect this change, the current system of separate NMW enforcement and penalty notices will be replaced by a combined notice of underpayment and penalty. This will be issued whenever HMRC discover that arrears were outstanding at the start of their enquiries.

The notice will detail the amounts due to workers and any penalty due on those arrears. For PAYE reference periods starting on or after

6 April 2009 the penalty will be half the total underpayments shown on the notice. HMRC can pursue arrears claims for workers going back up to six years.

If you receive a combined notice of underpayment and penalty, you will be able to appeal against both the amount of the arrears and the penalty to an Employment Tribunal under new appeal rights.

You can call the National Minimum Wage Help line for further guidance on Tel 0845 6000 678.

From 6 April 2009 the rules are changed as follows:

- Anyone who ceases or becomes liable for Class 2 or Class 3 contributions must notify HMRC immediately.

Self-employed - Notifying the Inland Revenue and NIC penalties

From 6 April 2009 there is a change in the penalty you will pay if you are late notifying HMRC that you have commenced self-employment.

Up to 6 April 2009 the penalty was £100 and you had 3 months after commencement of trade to let HMRC know.

- A penalty may be levied (between 30% and 100% of the "lost contributions") if notice is not given by 31 January following the end of the tax year in which you become liable.
- There will be no penalty if you have a reasonable excuse for the late notification.

A Place in the Sun!

As a direct result of EU rulings, the UK has been forced to extend various tax advantages available to furnished holiday letting (FHL) properties located in the UK to properties located within the European Economic Area (EEA).

It seems that the extension of the FHL rules did not sit well with the UK Treasury and they have since announced that the entire FHL legislation is to be completely repealed and, in fact, withdrawn from 6 April 2010, so that the beneficial tax treatment currently on offer will no longer be available from this date for both UK and EEA properties.

Therefore, if you are currently considering selling a FHL property in the EEA in the near future, it would of course make sense to complete the sale, as far as possible, prior to 6 April 2010, so that you can claim the significant capital gains tax reliefs currently on offer.

To qualify for beneficial tax treatment, a FHL property must satisfy the following conditions:-

- the property must be available for letting for at least 140 days in a tax year and must be let for at least 70 of those days
- it must not be occupied by the same person/persons for more than 31 days

If these conditions are met then:

- losses can be offset against other sources of income
- capital allowances can be claimed on the purchases of furniture and equipment
- as far as capital gains tax reliefs are concerned-both rollover and entrepreneurs, relief are available
- more favourable inheritance tax reliefs are available
- any profits can be used to support pension contributions

So what opportunities are available?

- If you own a let property in the EEA, that would have qualified as a FHL under the current rules, it may be possible to back date changes to your Tax Returns for 2007 and 2008 and possibly even earlier. This would enable you to offset any FHL losses that may have arisen against other income.
- If you have sold a property in the EEA that would have qualified for more favourable capital gains tax treatment, calculations can be revised for 2007 and 2008 and potentially even earlier.

If you feel that you may be affected by these changes, you should contact us as soon as possible to discuss amending your Tax Returns for earlier years or alternatively, the timing of a future sale of a FHL property located either in the UK or the EEA.



If the worst happened, Are you Prepared?

Everyone in business should have a Disaster Recovery Plan. You have insurance if your home burns down, your car is stolen, or you fall ill on holiday. If your office burns down, your insurance company will pay to rebuild it; but what about your business? The customers who have found other suppliers, because you were unable to deliver; the contacts you were unable to follow up because their details were held on your server, with your business software to provide quotes, chase debtors, and manage your day to day bookkeeping systems; and also your staff, who have had to find other jobs because theirs had literally gone up in smoke?

Insurance underwriters calculate the likelihood of your office (and everyone else's) burning down, and across the board, it is relatively small; that's why insurance works. The chance of winning the lottery is also very small, but that doesn't stop millions of us buying a ticket every week. 'It Could Be You' as they say, and while a big win may negate the need to worry about continuing your business, if you are one of the Unfortunate, rather than the Fortunate, you don't want to be left standing in the cold watching everything you've worked for literally disappear into thin air.

A Disaster Recovery Plan, or Business Continuity Management (BCM), as they can be called, doesn't have to be a lot of hard work; it can be as simple as backing up your computers or servers, and making sure that the tapes are kept off-site securely (your kitchen table is not a secure place). It is a good idea to keep a weekly backup tape, as well as daily backups, and always check regularly to ensure you can retrieve information from the tapes. Renew the tapes regularly too, at least every 6 months. The only thing worse than not having a plan would be to think everything was fine only to find that the tape was too worn to record, or that the information hasn't saved properly.

While backup tapes save copies of your information, from where you can restore a lost spreadsheet, or find a letter that has been corrupted, and even repopulate your database, some companies offer a Remote Backup facility, which can restore your operating system fully in the event of a disaster, getting you back up and running in double quick time, in a new office environment.

There are also companies that are geared specifically towards Business Continuity Management offering all sorts of services, and office space, or provision of replacement equipment on receipt of your call, depending on the problem, and your requirements. If you have alternative location arrangements, then in the event of a disaster, all you need do is ring your staff to let them know they should go to the alternative site, where they can carry on working as normal.

It is possible to become completely carried away, not to mention paranoid, by some of the State of the Art services offered by the BCM companies, but ultimately Business Continuity is a matter of understanding what equipment and information is vital to you in order to keep your business going, should anything go wrong, and then protecting it; making sure there are copies of everything kept at a different location in a secure environment (see our article on Data Protection on page 4). If you would like any further information regarding Business Continuity Management, or Disaster Recovery, please contact Sarah Bittlestone at our office. Sarah.bittlestone@trbarnes.com



In The Spotlight Headlight

Everyone at TTR Barnes would like to congratulate Sunderland Headlight, following their appearance on the recent Channel 4 'Secret Millionaire' programme, when they were awarded a donation of £20,000 from the millionaire in question, Jonathan Hick. We thought they would be the perfect candidate for our regular 'In The Spotlight' Newsletter article, and were delighted when Mick Ewing, Chair of Sunderland Headlight, agreed.

Headlight came from small beginnings, as a group of people affected by mental health issues, who wanted to provide support and a focus for others facing similar problems. From finding premises in Mary Street, Sunderland in 2000, they applied for, and achieved, funding from the Community Fund to employ a Development Worker, and provide running, training, information, and travel costs. They gained charitable status in 2002 and set about providing a safe place where people can meet and support each other. Geared towards mental health service users, the centre has open access, but also receives referrals from mental health professionals who are familiar with the charity and what they do. Other funding has followed and Headlight now has 2 full time staff; their Development Worker became the Development Manager, and a Support Worker joined the team. The courses held at the centre are run by freelance trainers and therapists.

From the first visit to Headlight, which includes a 'Meet and Greet' conversation to provide information about membership and discover more about each individual, their needs and requirements, to the comprehensive Events Calendar, which includes Complementary Therapy sessions, Debt Management courses, and of course the Art Group that Jonathan Hick enjoyed so much, and which featured on the Secret Millionaire Programme.

There are a variety of 'Self Help' groups that meet at the centre, and a counselling service is available, but one of their main services is their Listening Ear service which, as the name suggests, provides someone who is available to listen, whenever, and whatever the need.

Headlight is very much a member-led organisation, as Mick Ewing explains: 'We have what we call a Pathway, which we hope people will follow, with many members choosing to volunteer at the Centre, and taking on extra roles.' There are also opportunities for members to become involved with the charity Committee. One member who has followed this pathway is now one of the freelance paid workers at the centre.

Ultimately, the aim of everyone at the centre is to enable people 'through mutual support and community work, to improve mental health and confidence, and move on'.

The activities provided by Headlight develop and encourage self confidence and social interaction, as well as providing the opportunity to learn new skills, and develop existing hobbies, perhaps even teaching them to other members. The classes and courses provided are led by the abilities and interests of members; for example a new walking group has recently begun in response to an interest identified among the membership. The Headlight Strollers, led by volunteers Derrick Hauber and Graham Leggett, walk at a leisurely pace, enjoying the fresh air and scenery, and the company of a social group. Not ones to miss an opportunity, they also take a camera in order to bring back ideas for the Art Group.

Graham Leggett is also the leader of the Art Group, which has enjoyed success beyond the doors of the Headlight Centre with an exhibition in the Museum and Winter Gardens on July 7th. The exhibition will be opened by the Jonathan Hick, who continues to support the Charity.

The money he has donated will be put towards the next project, which is to open the centre at weekends, and provide an Out of Hours Service. A lot of planning has taken place, and they are almost at the recruitment stage. There is also a hope that the publicity and the new project will help to encourage younger people to become involved with the centre.

Another result of the Secret Millionaire programme is a collaboration between Headlight and another organisation featured. They have teamed up with Lynn Summerside of Sit 'n' 'b' Fit, to hold exercise sessions at the Centre.

In addition to the support from the Secret Millionaire, Headlight currently receives funding from the National Lottery, the Northern Rock Foundation, Greggs Trust, New Leaf, New Life, and NHS North East.

At TTR Barnes, we are delighted to be associated with Sunderland Headlight and look forward to continuing this association as the charity grows and continues to work with the community in and around Sunderland.

To contact Sunderland Headlight, telephone 0191 5101494, or log on to their website at: www.headlight.org.uk.

No interest from the Inland Revenue!

From 24 March 2009

- 2.5% interest on unpaid income tax, capital gains tax, National Insurance contributions and stamp duties
- 0% repayment supplement on similar overpaid taxes
- 0% on inheritance tax payable or refundable
- 2.5% interest on corporation tax not due by instalments
- 0% repayment supplement on overpaid corporation tax not due by instalments
- 2.5% interest on unpaid VAT

HMRC - interest rate changes

Due to the reduction in the Bank of England base rate from 1% to 0.5%, on 6 March 2009, HMRC have made the following changes to its interest rate charges and supplements.



Tax Myths Dispelled

Money kept overseas is not taxable?

For most people living in the UK, it is taxable. It doesn't matter if you leave the money in Jersey, for example, and never touch it, you must still pay income tax on any interest. However, if you are not resident and domiciled in the UK the position may be different and you may need to seek further professional advice. The Inland Revenue is looking much more closely at overseas bank accounts, so don't overlook the interest - the Inspector won't!

If you only ever work for cash you don't need to pay tax?

HMRC devote significant resources to tracking money in the black economy and even small one-person businesses are interesting to them. It's your responsibility to keep records of your financial affairs and to declare your income. There are severe penalties for cheating. If you have made a mistake then you should seek proper professional advice to minimise the effects of the consequences.

Give money to your children and escape tax on the interest it earns?

If a parent gives money to a child and the interest earned exceeds £100, it is treated as being the parent's income and not the child's. Interestingly, a grandparent can give away money without the same problem occurring. Watch out for inheritance tax (IHT) though; some gifts will be exempt, but larger amounts may create an IHT problem.

Companies can invest in Premium Bonds and get a better rate of interest than in a regular bank account?

No. Only individuals over 16 can invest in Premium Bonds, or they can be bought by a parent/grandparent for someone under 16. It is not possible for a business or a corporate body to invest in them.

The State pension is not taxable?

The State pension is taxable, but is always paid gross. If someone has no income apart from the State pension, then because for most single people, the pension will be less than the level of their personal allowance, no tax is due. If someone does have other income, such as an occupational pension, then they will probably find that their tax code has been adjusted for the state pension - if not, they may not have paid the correct amount of tax.



FINANCIAL FOCUS

The Forecast Calls for Pain

Sometimes you just have to accept that the news is not good.

The Government have another surprise for Employers, who are already trying to cope with the recession.

The Pensions Act 2008 is going to provide for changes to improve (for some) the State Pension system by introducing 'semi compulsory' pensions for all employees over the age of 22, who earn more than the Lower Earnings Limit £5035 per annum, in 2006/07 terms.

From a date yet to be announced in 2012, each and every Employer will have to auto enrol all qualifying employees in a pension scheme, from Day One, and both the employer and employee will have to contribute.

The cost of contributions will build up from 2012 to 2014, so that eventually the employer pays 3% and the employee 4% on earnings over the Lower Earnings Limit, and 1% of tax relief will bring this total to 8%.

Only after you have auto-enrolled your employees can they choose to opt out of the scheme, and you can refund the contributions they have paid. Then, 3 years later, you have to repeat this process, auto-enrolling all those who previously opted out all over again. They can then opt out again if they wish. This can go on every 3 years ad infinitum.

If you choose not to run a pension scheme with your name on it, then you will need to send the contributions and paperwork to a newly created Government body who will administer this scheme, and the money held within.

Currently, we refer to the Government scheme plans as Personal Accounts, but they may end up with a different name.

At the moment, it seems that you will not be able to transfer other pension plans into a Personal Account, nor will you be able to transfer out.

It could be a bit like VAT but called Pensions.

The Government already has plans to recruit 500 staff in order to police Employer co-operation and of course, there are fines etc for non compliance by employers.

There is an alternative to the Government scheme; you could choose to run a pension scheme with an insurance company, where at least you will be dealing with an organisation that has experience in the field of administering pension plans, and you can transfer pension funds in and out.

TTR Barnes Financial Services Limited could help you set up and administer a private pension scheme. Our Advisers have been helping employers with pension schemes of all types for 25 years, so we do have the knowledge and experience to do this for you.

Even if you already have a private pension scheme for your Employees, there is no comfort, as it is almost certain that the set up of these schemes will not fulfil the requirements of the legislation. It may be possible to alter them to comply. It may be easier to start a new scheme. Paper based systems will not be adequate; instead, internet based systems will be needed. If this applies to you, then you should start planning to cope with these changes earlier rather than later.

At the moment, there is no charge, if you would like to contact us to discuss the prospective changes, and we can give you a brief assessment for your company.

Our resources will become heavily in demand nearer the starting date. There is no doubt that those employers who receive advice will find the pain easier to bear.

Please contact George Farnan, Shaun Hasson, or Graeme Wake at our office.



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