

People At... **TTR BARNES**

This issue we have much to celebrate: We are privileged to have that rare mix among our teams that combine individuals who have been with the firm for many years, and those who are just starting out in their careers.

We have recently been joined by 2 new Trainee Accountants. Lucy Harrison joined us in January this year, while Rebecca Pearce started work with the firm in April. At the other end of the scale, Geoff Talbot is celebrating his 25th anniversary with the firm. Of course he was just 12 years old when he started.



As usual, we do manage to get out of the office sometimes, and in March this year, we decided to take a different view of a familiar landscape. Combining exercise and education, we walked along the cliff path from Roker to Souter lighthouse, while Trevor explained how the coast was defended during the First World War and pointed out the landmarks that remain from that time. (For those of you who have been asleep for the past 18 months, or have been avoiding the office, Trevor's book Sunderland in World War 1 is available to purchase from Waterstones, or Reception).

Finally, we've always wanted to ensure that our staff members have the facilities that they need, and while it may be true that an office generally runs on caffeine and biscuits, we are also aware that keeping our people properly hydrated will aid them to perform at their very best throughout the day. As a result, we decided to invest in water coolers from AquAid, which are positioned at various points throughout the building to be available to both staff and visitors at all times.

Our unique relationship with AquAid has also given our organisation the opportunity to also help those further afield less fortunate than ourselves. For each machine that we have, we donate £20 per year per cooler to The Africa Trust, and these contributions have enabled The Africa Trust to install an 'Elephant Pump' in Africa on our behalf.

This pump will bring much needed clean, fresh drinking water and improve the quality of life of those who will have access to our well.



The Elephant pump is based on a 3000 year old Chinese design that has been adapted by the Africa Trust's CEO, Ian Thorpe, so that it is stronger, more durable, and able to be built using materials locally available in sub Saharan Africa. It's called an Elephant Pump because of its strength, shape, and reliability.

More information can be found from Aquaid's website: www.aquaidwatercoolers.co.uk/why-we-do-it/the-elephant-pump

Our name will be displayed proudly on our pump and we look forward to adding some photos and letters of thanks from the villages to our website in the near future.



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IN FOCUS

Spring/Summer 2015



Finally, the nights are light, and the weather is improving, getting ready for a fabulous summer, so it's the perfect time to catch up with the latest news from TTR Barnes, and we have lots of it.

As usual at this time of year, we have gathered together the points we think most applicable to you from the spring Budget statement; these are below, and also in our Financial Focus on pages 6 & 7.

In other news, here at TTR Barnes we are increasing the ways we can communicate with our clients to ensure that you hear the things you need and want to hear from us, and that you receive the information you need promptly and securely. Our articles on pages 2 and 3 go into more detail. On pages 4 and 5, we have noticed some interesting trends in our Tax Return figures, while, as usual, page 8 keeps you up to date with the news from inside the firm. **Enjoy.**

A BUDGET for Britain

The last budget statement from this coalition government was a generally quiet affair with more significant changes likely in the autumn statement, from a newly elected government. In the meantime, questions about membership of the EU, and balancing the budget deficit, provide no answers and don't help businesses to plan.

The main point to catch the headlines involves proposed changes to the Tax Return system. Most of our clients' affairs are likely to be more complicated than those envisaged by the Chancellor, and we don't expect this to bring any great changes in the way we provide our service to you.

Elsewhere in the budget it is worth noting that, as of now, entrepreneurs' relief is no longer available to reduce the rate of capital gains tax on the disposal of personal assets (e.g. trading premises owned by an individual) used in a trading business, unless the disposal includes at least a 5% share in the business.

The budget also revealed changes to various venture capital schemes, including the Enterprise Investment Scheme (EIS), and Seed EIS, both of which have featured in previous issues of the newsletter. The changes include a cap on investment that can be raised over the lifetime of a company, which will be brought in when the UK receives European state aid approval. Additional changes effective from 6 April 2015 remove the requirement for companies to spend 70% of funds raised through SEIS before EIS shares can be issued. In previous issues, we've made a big deal about the



changes to the Annual Investment Allowance, as these could deliver a big hit to many of our clients. Over the past few years, the level has varied considerably, and is due to drop from its current level of £500,000 to £25,000 on 1 January 2016. While there was no specific amount mentioned in the budget, as it was considered that the autumn statement would be a better time to address the issue, the Chancellor did state that 'I am clear from my conversations with business groups that a reduction to £25,000 would not be remotely acceptable – and so it will be set at a much more generous rate' so there is hope for some reprieve.

If you have any queries about any of the points mentioned in this article, please contact our Tax Department.

Opening a new space for COMMUNICATION

These days, everything is being pushed on-line: bills, bank account statements, even the newspaper, can all be delivered electronically either to your inbox, or by you simply logging into a website, saving time and postage. At TTR Barnes, we're always keen to find better, faster ways to ensure that the information you need reaches you when you need it, and in the right format, so when we became aware of the facility to electronically transfer documents securely on-line we knew it would be a good thing for our business, and for yours.

With this in mind, the next time you talk to us we are likely to ask you to register with our OpenSpace platform. This facility means that we can exchange information with you, including draft and final accounts, Tax Return Checklists, and draft Tax Returns that you can e-sign and return to us.

OpenSpace is also useful for exchanging large files, such as payroll information and Sage backups. It's very simple to use; all you need to do is click on a link in an email we send you, create a password, and then you're free to



send and receive documents. More than one person in your business can register, and individual settings define what documents each individual can and can't download, ensuring confidentiality is maintained. So, your payroll department can see and exchange payroll information etc., while you personally (or anyone you designate) are the only one who can see and review the accounts or your Tax Return.

We believe this software will help us continue to provide a great service to our clients, and we hope you will too.

LOOK OUT there's a scam about

As business communications become more and more digital, criminals also move their operations on-line, so that each week seems to bring a new threat, whether it's warnings on the news, huge amounts of spam in your inbox, or a phishing email trying to get access to your personal financial information.

Two of our clients have recently found themselves targeted by phishing email hackers. While one client realised in time what was going on, unfortunately, the other did not and lost a substantial amount of money.

This particular scam hacked into the company servers and intercepted emails from finance directors, requesting fund transfers in respect of business activities from the company accounts department. The Phishers then send an email of

their own, impersonating the finance director, by ensuring their email looks and reads like the previous messages, requesting funds to be transferred to their account.

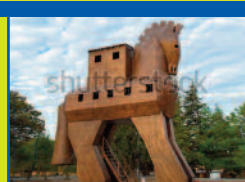
This is a fairly sophisticated scam, but there are many others that are easy to believe if your mind is elsewhere when you're reviewing your inbox. Perhaps the most common pretends to be from HMRC, offering to transfer your tax refund into your bank account. HMRC have stated time and again that they will never ask for your bank details in an email. Their website contains instructions about how to report phishing, and also has a list of the type and timing of the emails that they do send.

Perhaps the most famous scam is the Nigerian scam, also known as the 419 scam. Who hasn't received an email from a wealthy Nigerian wanting to move all his

money out of the country? In the 'olden days' this was a letter, but it has now gone digital. More frequent, and more dangerous, are the phishing emails that purport to be from your bank, requesting you to log in for a variety of reasons, but more often than not as a result of failed login attempts. They download a piece of software known as a Trojan onto your machine and this enables them to access, and empty, your bank account.

If you receive one of these emails, it's worth contacting your bank and letting them know that this is happening, and in the event that you do fall for this particular scam, your bank should refund any money you've lost.

For more information on email phishing and how to deal with it, the Which? website is a good place to start. Look at which.co.uk/scams.



Our new TaxApp

AVAILABLE TO DOWNLOAD NOW

As technology and the way we communicate evolves, the expectation for instant access to information increases. To help meet this expectation we are very excited to announce the launch of our new TaxApp which is now available to download, with our compliments.

Using the latest technology, our App has been developed to provide you with useful tax tools and information via your mobile device. Packed full of useful resources including tax tips, tax calculators and key tax rates, we can now keep you up to date on the current tax position, such as the latest advisory fuel rates which are reviewed quarterly. Plus, you will also find a regular monthly newsfeed on topical business matters.

The App can be downloaded for both IOS and Android mobile phones and devices. To immediately benefit from the tools and resources available please visit www.ttrbarnes.com/taxapp to find out more and to link to the relevant App store for your device to download your FREE App.

Alternatively you can scan the QR code at the bottom of this article to go straight to the App information on our website.

We are delighted with our TaxApp and feel sure you will be too. We would welcome your feedback and look forward to being of service in the very near future.



HMRC: 21st century fishing

Business Economic Notes, or BENs were reports created from research by HMRC into profit ratios, mark-ups, etc. within certain business sectors. These reports helped to provide a background or benchmark against which to measure those businesses under investigation.

We have mentioned in previous newsletters that HMRC has revived its benchmarking strategy, with a 21st century twist by using computer software to compare net profit ratios. This is now being expanded to compare mark-ups on VAT Returns. As a first step, they are sending friendly warning letters to businesses highlighted by the software.

Currently only certain sectors have been targeted: net profit ratio comparisons have been aimed at painters and decorators, taxi drivers, and

pharmacists, while VAT benchmarking has focussed only on car mechanics and furniture retailers; however, this range is likely to widen in the future. If you receive a warning letter, don't panic, it doesn't necessarily mean an investigation, but please contact us immediately, so that we can help you consider why your information may be outside the expected range. **You can also check your accounts and VAT Returns against HMRC's benchmark profit ratios and mark-ups; contact our Tax Department to find out how.**

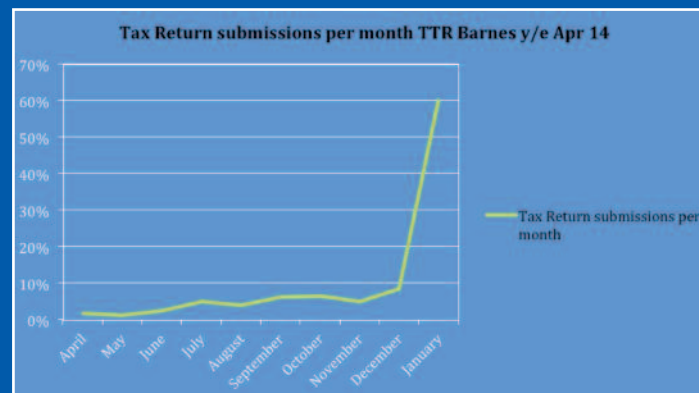
WOMEN JUST PIP THE MEN

in the battle of the taxes at TTR Barnes



The Tax Return deadline strikes fear into the hearts of most self-assessment taxpayers, and it seems that this is reflected in how long those affected typically leave it to submit their Tax Returns. Almost 60% of our clients waited to submit Tax Returns until the final deadline month of January; however, it would seem that women of the business world are a little sharper off the block, with only 27% of these last-minute submissions coming from female clients.

This reflects a similar picture nationally, with HMRC seeing a total of 42% (4.3m) of returns submitted in January this year, of which 980,000 were received on 30 and 31 January alone.



But just why do so many people leave it until the last minute? Natalie Newton, our Tax Manager has some theories. "Those filing Tax Returns are typically business owners, self-

employed or those with a property portfolio. These individuals are already extremely hard at work trying to make a success of their ventures so Tax Returns can easily drop to the bottom of the priority list. It's our job in the tax department to ensure that clients submitting Tax Returns get us involved as soon as they

are able, as this allows us time to find more ways of reducing your tax liabilities and allows for forward-planning and future efficiencies. We know it isn't a high priority for most people in

May, but we see it as our responsibility to be the nagging partner!"

She added, "Of course we recognise that early returns are not always possible if clients' affairs are complicated, so it's then important that, come January, we work as accurately and closely as possible with clients to make sure we find the most tax-efficient solutions with the clock ticking." But it does seem that a certain subset of those submitting Tax Returns is a little quicker at taking action than others. Only 27% of the Tax Returns submitted in January, were from women, and as women make up 34% of TTR Barnes clients overall, the ladies just pipped the men at the post for earlier Returns.

As for why the ladies have beaten the men in the battle of the taxes, Natalie thinks this may simply reflect a trend for more first-time women entrepreneurs in the business environment. "We have seen traditional barriers to business start-up breaking down, due to advances in digital technology and the opening up of the ecommerce environment. It is easier than ever for people to set up their own business with no prior experience. Added to this, there has been increased interest in products and services more typically associated with women, such as crafts, home-made goods and design, meaning that there are more first-time female entrepreneurs out there than ever before, and there may simply be more pressure felt when submitting those Tax Returns for

the first time to ensure mistakes aren't made."

As well as a gender gap, HMRC's analysis showed a significant difference in filing behavior between ages. People aged 18 to 20 were the worst offenders, with 1,085 in every 10,000 filing late. At the other end of the scale, those aged 65 or over were the most punctual, with only 155 out of every 10,000 missing the deadline. Taxpayers in the North East were the second worst-performing region in England for failing to submit a Tax Return on time, with London being the worst.

HMRC have published a list of their top ten terrible excuses from taxpayers trying to avoid paying the £100 fine for missing the filing deadline, and they are:

1. My pet dog ate my Tax Return...and all the reminders.
2. I was up a mountain in Wales, and couldn't find a post box or get an internet signal.
3. I fell in with the wrong crowd.
4. I've been travelling the world, trying to escape from a foreign intelligence agency.
5. Barack Obama is in charge of my finances.
6. I've been busy looking after a flock of escaped parrots and some fox cubs.
7. A work colleague borrowed my Tax Return, to photocopy it, and didn't give it back.
8. I live in a camper van in a supermarket car park.
9. My girlfriend's pregnant.
10. I was in Australia.

Thankfully we haven't seen any excuses as weird or wacky as this; "It's the job of the tax accountant to ensure that you never find yourself in a position where you have missed the submission deadline" says Natalie.

"We successfully submitted 100% of 2013/14 Tax Returns on time. Client communication and regular contact is just as important as the physical act of getting records and submissions in order. Clients may not wish to hear from their tax accountant during those lovely summer days, but it's our responsibility to reduce tax liabilities as much as possible, and the sooner the process can start the better the results."

Key

Wealth
Management

Financial Focus

From austerity to prosperity?



The coalition government's 2015 Budget managed to hail economic recovery, gloss over spending cuts and serve up a raft of measures designed, among other things, to support savers and first-time house-buyers.

Chancellor of the Exchequer George Osborne announced the launch of a new 'Personal Savings Allowance' that will enable basic-rate taxpayers to earn up to £1,000 each year in savings interest, free of tax. He also introduced new flexibility for Individual Savings Accounts (ISAs) that will allow savers to withdraw money and replace it – in the same tax year – without forgoing any of their tax-free ISA allowance. At present, however, this provision will apply only to cash ISAs. These changes are due to be introduced from Autumn 2015, following consultation with Providers. Elsewhere, Mr Osborne revealed measures designed to help first-time house-buyers with a deposit. Through a new 'help-to-buy' ISA, the government will add a bonus of 25% to the saver's contribution, up to a maximum of £3,000 on £12,000-worth of savings, with the bonus payable when the first home is purchased.

Further reforms to the pensions system elicited a mixed response. From April 2016, pensioners who

have already purchased an annuity will be able to sell that income to a third party in exchange for a lump sum that will be taxed at their marginal rate instead of the "punitive" 55% rate. Meanwhile, the Lifetime Allowance for pension contributions will be cut in April 2016 from £1.25m to £1m, saving the Treasury £600m a year.

The personal tax-free allowance will rise from £10,000 in 2014/15 to £10,600 in 2015/16, to £10,800 in 2016/17 and £11,000 in 2017/18. The Treasury calculates this will cut income tax for 27 million people. The threshold at which individuals begin paying higher-rate tax will rise from £41,865 to £43,300 by 2017/18. Elsewhere, schemes to avoid inheritance tax via deeds of variation will be reviewed. The UK economy expanded more quickly than any other major advanced economy during 2014, registering growth of 2.6%, which is somewhat lower than the 3% forecast made in December 2014. The Office for Budget Responsibility's forecasts for economic growth in 2015 and 2016 were raised to 2.5% and 2.3% respectively, while its forecast for 2017 was cut to 2.3%. Debt as a share of GDP is falling more quickly than previously forecast, and the Chancellor therefore intends to end the squeeze on public spending earlier than expected. From 2019/20, public spending is set to rise in line with economic growth.



Taking the Fear out of Finance

It's a worry, these days, where the money is going to come from to support everything you need, and want to do. Buying a house, having kids, sending them college, all costs more and more.

According the Institute of Financial Planning, 38% of people worry about money most of the time, but only 4% of those polled had done anything to plan their finances for the future. The stress of worry can be bad for your physical and mental health, and while we are far from doctors, we can certainly help you to reduce the stress of financial worries. In fact, here are a few tips to get you started.

Write a list of your financial goals in 2 columns, long term goals (e.g. retiring to the countryside), and shorter term goals (holiday in the Bahamas this summer). These will obviously vary depending on your age, but you get the idea.

Next, consider how much money it will take to achieve these goals. Some will be obvious, like the holiday, while others may need some professional help to figure out, and that's where we come in. As financial advisers we can help you sort out what you already have and what you need to save in order to achieve your goals.

Taking a regular look at your finances can also help keep the wolf of worry from your door. It's worth asking yourself some questions such as: Is your tax information up to date? Is your tax code correct? How much are you currently saving? Could you save more? Should you save more? Are you putting enough into your pension? Are your investments still relevant to your needs? Have you made a Will? Do you need to plan for inheritance tax?

A meeting with a financial adviser can help you answer some of the questions and to develop the right strategy for you to achieve the future you want, without all the worry.

If you would like further information, please contact Dean Smith, Dean.smith@key-wealth.com, or Richard Emery, Richard.emery@key-wealth.com.