H.M.Williams
chartered certified accountants
and tax advisers

ACCA
CIOT Chartered Tax Advisers

01752 334950 / 334951
www.hmwilliams.co.uk

Automatic Enrolment – What if I don't have any staff?

If you don't have any staff other than directors, you may not have any automatic enrolment duties. You won't have any duties if the only people working for you are:

- you as the sole director, or
- a number of directors, none of whom has an employment contract, or
- a number of directors, only one of whom has an employment contract

Automatic enrolment will apply if more than one director has a contract of employment.

What do you need to do?

If you receive a letter which includes your staging date and you believe that you are not an employer for one of the reasons above, please email customersupport@autoenrol.tpr.gov.uk and complete the details in the pre-populated message that opens when you select the email address. You'll need your letter code, PAYE reference and Companies House number (if you have one) to hand.

Does your spouse need your tax allowance more than you?

From 6th April 2015 it becomes possible, under certain circumstances, for one spouse or civil partner to transfer some of their Personal Allowance to the other spouse or civil partner.

The maximum amount available for transfer in 15/16 is £1,060 being 10% of the Personal Allowance for the year.

HMRC's interpretation of the legislation is that a transfer can only take place if the transferor has total gross income of less than £10,600 and the transferee has total gross income of no more than £42,385.

However, the legislation merely states that provided when the transferor's allowances are reduced, they would either have no liability to tax, or not be liable at a rate other than the basic rate, the dividend ordinary rate, or the starting rate for savings (which is now 0% within the current starting rate limit of £5,000) then the transfer is permitted.

For the transferee's part, it is simply stated that they should not be liable to tax at a rate other than the basic rate, the dividend ordinary rate or the starting rate for savings. Therefore an individual could have income in excess of £42,385 in the year, but because of pension contributions and/or Gift Aid payments, the basic rate-band is extended so that they are only liable to tax at the basic rate.

- **Example**

Husband has a salary of £7,500 and dividend income of £18,000. Total gross income (including the 10% dividend tax credit) is £27,500.

Wife has a salary of £45,000 but makes pension contributions of £6,000 in the year.

The husband can transfer £1,060 of his Personal Allowance to his wife (for a tax saving of £212) because after the transfer he is still only liable to tax at the dividend ordinary rate and his wife before the transfer is only liable to tax at the basic rate.

This is a rather different picture from that painted by HMRC's description.

Associated Firms:

Andrew Lillingston Ltd
London
(020) 7731 4995
www.andrewlillingston.com

Mercer Lewin Ltd
Oxford
01865 724 139
www.mercerlewin.co.uk

GKP Partnership
London
(020) 8998 3456
www.gkpp.com

Annette Morley Advising
Devon
0774 704 6818 / 01548 821461
amorley@annettemorley.co.uk

Keymer Haslam & Co
West Sussex
01444 247 871
www.keymerhaslam.co.uk

H.M.Williams
Devon
01752 334950 / 01752 334951
www.hmwilliams.co.uk

Maxwell-Gumbleton & Co
Lewes
(01273) 476617
www.maxwellgumbleton.co.uk

Bannerman Johnstone Maclay
Glasgow
0141 243 2747
www.bjm-ca.co.uk

Wynniatt-Husey Ltd
Rugeley
01889 583 211
www.wynniatt-huseyltd.com

Selling Overseas

How annoyed would you be to send an invoice to your customer and to be told that he is only permitted to pay you a percentage? Probably a lot but this is likely to happen with overseas customers who do not know anything about you and who are obliged by their national authority to withhold tax at source. Recently we have had clients chasing tax withheld in places as far apart as Greece and China.

The solution is to talk to us before the transaction is invoiced and from HMRC we can obtain in advance a certificate of fiscal residence which on production to the customer will allow him to pay you gross. The certificates take time to achieve so thinking ahead is likely to improve cash flow.

Cloud accounting

Whether you are thinking of getting a computerised bookkeeping software package for the first time or having a change from your existing one, why not try out one of the new cloud based offerings on the market. You can work on your accounts from anywhere and with bank statement feeds directly from your bank and by training your software to recognise regularly recurring transactions you can cut time spent bookkeeping significantly. What's more – you'll never need to do another back up again and your accountant can access your books remotely in real time. Some of the leading providers include Xero, Kashflow and Clearbooks. Why not have a look to see if they might suit your business?

MOSS and More

Last year we alerted you to the VAT changes to be enacted from 1 January 2015. The changes relate to 'digital supplies' where these are supplied to non-UK customers. Although the new rules are now well underway, we have found that not all the detail has been properly taken on board by those who are affected. In case that group includes you, here are some key issues we have come across:

- 'Digital supplies', also referred to as 'e-services', are defined more widely than it might seem. Primarily, they are fully automated services, the provision of which requires no or minimal human intervention. They include software, web-hosting, automated learning (but not webinars, which involve people to present them), supply of text, images and information, music and games.
- The 'place of supply' rules dictate the way VAT is charged on all services (and goods). Where digital supplies are provided to non-UK business customers there is no change to the VAT liability. It is supplies direct to the non-UK end user ('consumers') that are affected from 1 January 2015. They have all become based where the customer resides, not the supplier, therefore they are outside the scope of UK VAT. But that is not the end of the story...
- If a sale is made to a consumer who resides in the EU, there is a charge to VAT in that country and at that country's VAT rate. There is no threshold as there is with UK VAT, so a sale for even a tiny value incurs the liability. This means some businesses are below the UK threshold, but have to account for VAT elsewhere in the EU.
- You only have two options on how to record and pay over the VAT to other EU countries on digital services to consumers. You either register for VAT in every country where you make a sale, or, you use HMRC's MOSS services to record and pay the VAT due for all the countries at one time.
- There are tight deadlines for registering for MOSS (10th of the month after the first sale) and for completing the MOSS VAT return (20th of the month after every calendar quarter).

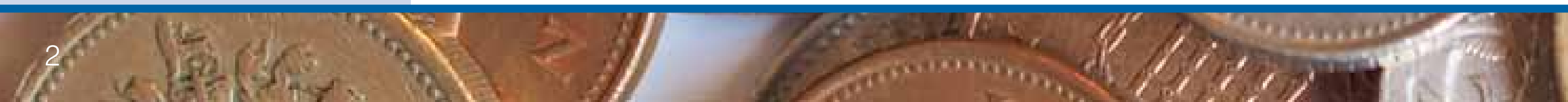
We have also found that HMRC have a problem registering an individual, as the system appears to have been set up for companies. Therefore, do contact us if you think you might have become a 'MOSS person'!

Reasons to pay yourself a salary

With the new tax year comes a rise in personal tax-free allowances and National Insurance (NI) limits. How does this change, and other factors, affect the level of salary you should pay yourself?

- **Salary**
  If you are a major shareholder of a private company it is usually a good idea to take a salary as it is efficient for tax and NI purposes. But that is just one reason; there is another with more long-term financial benefits, namely to earn credits towards your state pension, assuming you aren't generating them elsewhere.
- **NI Limit**
  You can generate a pension credit at zero cost to you. All you need to do is draw a salary of more than the NI lower earnings limit, which is set at £5,824 for 2015/16. It can be paid as a single amount, or over the tax year.
- **What's it worth?**
  It is expected that a year's credit will buy you about £225 (at today's value) of state pension per year for life, once you reach pension age of course. As already mentioned, it costs you nothing and as far as your company is concerned it's an alternative to distributing profits to you in another way.
- **Tax**
  Taking a salary is more tax efficient than taking dividends up to a certain point. That will vary depending on how much other income you have and what sort of income it is. But, as a rule of thumb, if you are going to pay higher rate tax as a result of taking the salary, or you will anyway, limit the amount you draw.
- **National Insurance**
  Most trading companies qualify for the employment allowance (EA). This is a £2,000 reduction in the employers' NI liability. This can come into play in deciding how much salary to pay, but only if your company isn't already using the EA in full.

Where your company hasn't used the EA against its NI bill on other salaries, and you won't be liable to higher rate tax, you can push the salary up to the level of your personal tax-free allowance. Whilst this triggers an NI bill for both you and the company the latter will be reduced to nill by the employment allowance.



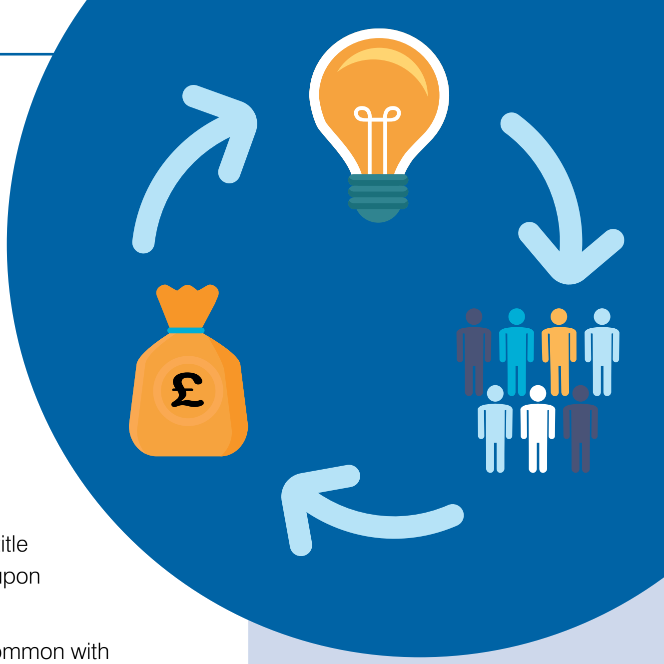
Crowdfunding, do you know the score?

It is probably surprise enough that AFC Bournemouth, one of the country's least glamorous football clubs, should win the Championship and thereby secure promotion to the Premier League. What you may not know is that it was an early pioneer of what is today known as crowdfunding. Indeed, were it not for its success in 1999 in raising funds from supporters and friends, it would not be with us today. At that time the football club was virtually bankrupt — £4 million in debt, losing £50,000 a month, with huge unpaid tax bills and facing extinction. But it was rescued by the efforts of loyal supporter Trevor Watkins who reorganised and refinanced the club in what was then a novel way by raising money from supporters and friends.

Nowadays the crowdfunding business has become even more successful and raising several hundred thousand pounds is routine and there are several running into the millions.

Following the economic crisis in 2008, the major banks have been far more reluctant to lend, especially to small and medium business enterprises. Indeed there is now a growing recognition from global regulators that crowdfunding could usefully alleviate the perceived lack of liquidity in such markets.

In the traditional business model once a start-up company exhausted its own savings and credit cards, it would turn to family or friends. Beyond this, the company would then approach and be largely ignored by angel investors or established venture capitalists. These factors created a gap in funding availability that crowdfunding seeks to fill through the use of new technology and the internet. It essentially permits projects and companies direct access to the public, via the internet as a web platform, to obtain funding.



Conventionally, crowdfunding can be broken down into four categories:

- **Reward-based funding** seeks a financial contribution to a project in return for a specific reward -for example, contributing towards a book or product or project may entitle the individual to a free copy upon publication or production.
- **Donation funding** is most common with charitable and artistic projects. in which the individual does not receive anything in return for their investment, other than the kudos and satisfaction associated with having contributed to a worthwhile cause. Kickstarter is a well known example of such a platform.
- **Equity funding** is where investors contribute funds in return for an equity (shares) stake in the project - especially appealing to start-up companies and small business enterprises who may otherwise find it difficult to attract funding.
- **Peer to peer lending** (loan-based crowdfunding) which raises some regulatory issues as different considerations apply in respect of the protection of borrowers that may not arise in respect of investors.

Whilst the benefits of crowdfunding for the web platform and the end organisation are self-evident, the risks of such potential ventures must be understood.

Apart from how AFC Bournemouth react to life in the Premier League it will be interesting to see how much further the crowdfunding market develops in future.

Some good news for homebuyers

From 4 December 2014 a sliding scale is now applied when calculating Stamp Duty Land Tax on residential, but not commercial, property purchases over £125,000.

Under the old rules, you would have paid tax at a single rate on the entire property price. Now you will only pay the rate of tax on the part of the property price within each tax band, like income tax. Under the old rules if you bought a house for £185,000, you would have had to pay 1% tax on the full amount, a total of £1,850. Under the new rules, for the same property you'll pay nothing on the first £125,000 and 2% on the remaining £60,000. This works out as £1,200, a saving of £650.

Annual Residential Property Tax

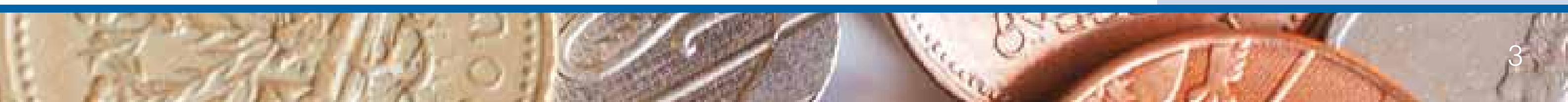
In a previous newsletter we referred to a new tax, Annual Tax on Enveloped Dwellings (ATED), which commenced from 1 April 2013. This tax is a charge on high value residential properties within the ownership of a company, a collective investment scheme or a partnership with one or more company members. There are reliefs available, but none the less a return still needs to be completed and submitted to HMRC. The returns and payment of ATED, where applicable, are due by 30 April at the beginning of each ATED period.

The ATED charges for 2015/16 and 2016/17 are as follows:

Property Values	**ATED Charge**	
	2015/16	**2016/17**
Between £500,000 and £1 million	NIL	£3,500
Between £1 million and £2 million	£7,000	£7,000 + CPI
Between £2 million and £5 million	£15,400 + CPI	£15,400 + CPI
Between £5 million and £10 million	£35,900 + CPI	£35,900 + CPI
Between £10 million and £20 million	£71,850 + CPI	£71,850 + CPI
More than £20 million	£143,750 + CPI	£143,750 + CPI

Where the above charges are marked '+ CPI' this indicates that the charge is increased from that of the previous year in line with the Consumer Prices Index (CPI).

In particular, those companies which are running property portfolios which are let out on a full rent will not be obliged to pay any of the above amounts BUT they will have to complete a return to HMRC and claim relief.



Emergency Telephone Number 112

999 is all very well but 112 is better.

It works in the whole of Europe and if called from a mobile telephone, the emergency services can determine your location.

So as you slip into that snowdrift...

The end of P11ds?

Announcements were made in the budget which confirmed various changes to the regime for P11ds from April next year.

These include:

- The removal of the lower threshold of £8,500 (unchanged for over 20 years) below which P11ds are not required.
- An option to put taxable benefits onto the payroll and avoid the annual reporting through P11ds
- A removal of the requirement for dispensations for qualifying expenditure and also for the need to report such expenditure where it is allowable (e.g. reimbursement of employees' travel costs for business).

The consequences of all this could be no P11ds in the future if you have no taxable benefits and, even if you do, you can report them through the payroll and avoid the annual P11d compliance process. We think this will be good news for many of our clients and will provide more detail next year.

Changes to National Insurance

From April 2015, most self-employed people will pay their class 2 national Insurance contributions through self-assessment. In April 2015 HMRC will send a payment request for contributions up to 11 April 2015.

Taxpayers no longer need to apply to defer payments of class 2 and 4 contributions. A breakdown of all amounts to be paid will be displayed on the taxpayer's self-assessment calculations.

19 Responses to Use With Telemarketers (PG)

1. If they want to loan you money, tell them you just filed for bankruptcy and you could sure use some money.
2. If they start out with, "How are you today?" say, "I'm so glad you asked, because no one these days seems to care, and I have all these problems. My arthritis is acting up, my eyelashes are sore, my dog just died . . ."
3. If they say they're John Doe from XYZ Company, ask them to spell their name. Then ask them to spell the company name. Then ask them where it is located, how long it has been in business, how many people work there, how they got into this line of work if they are married, how many kids they have, etc. Continue asking them personal questions or questions about their company for as long as necessary.
4. Cry out in surprise, "Judy? Is that you? Oh my God! Judy, how have you been?" Hopefully, this will give Judy a few brief moments of terror as she tries to figure out where she could know you from.
5. Say "No" over and over. Be sure to vary the sound of each one, and keep a rhythmic tempo, even as they are trying to speak. Sing in an operatic voice if possible. Or a "Tiny Tim" falsetto. This is most fun if you can do it until they hang up.
6. If MCI calls trying to get you to sign up for the Family and Friends Plan, reply, in as sinister a voice as you can, "I don't have any friends, would you be my friend?"
7. If the company cleans rugs, respond: "Can you get out blood? Can you get out goat blood? How about human blood?"
8. After the Telemarketer gives his or her spiel, ask him or her to marry you. When they get all flustered, tell them that you can't just give your credit card number to a complete stranger.
9. Tell the Telemarketer that you work for the same company, and they can't sell to employees.
10. Answer the phone. As soon as you realize it is a Telemarketer, set the receiver down, scream, "Oh my God!" and then hang up.
11. Tell the Telemarketer you are busy at the moment and ask him/her if he/she will give you his/her home phone number so you can call him/her back. When the Telemarketer explains that telemarketers cannot give out their home numbers say, "I guess you don't want anyone bothering you at home, right?" The Telemarketer will agree and you say, "Me either!" Hang up.
12. Ask them to repeat everything they say, several times.
13. Tell them it is dinner time, but ask if they would please hold. Put them on your speaker phone while you continue to eat at your leisure. Smack your food loudly and continue with your dinner conversation.
14. Tell the Telemarketer you are on "home incarceration" and ask if they could bring you some beer.
15. Ask them to fax the information to you, and make up a number.
16. Tell the Telemarketer, "Okay, I'll listen to you. But I should probably tell you, I'm not wearing any clothes."
17. Insist that the caller is really your buddy Leon, playing a joke. "Come on, Leon, cut it out! Seriously, Leon, how's your momma?"
18. Tell them you are hard of hearing and that they need to speak up . . . louder . . . louder . . .
19. Tell them to talk very slowly, because you want to write every word down.