

RNS

The Little Blue Book

Issue 31 | Spring 2013

-
- News
 - Information
 - Our Business
 - Your Business
-

Chartered Accountants
Independent Financial Advisers

www.rnsca.co.uk
www.rns-ifa.co.uk



Welcome

Welcome to the Spring 2013 edition of our Little Blue Book.

It provides a catch up on financial issues since our last newsletter and aims to help businesses and individuals with their affairs from a trusted, local source.

This edition covers national topics such as the implications of the Chancellor's Autumn Statement, the latest VAT changes and the latest news on pensions.

We also look at local issues, including the help given to a decorating business, careers at RNS and a staff profile to enable you to get to know us better.

But we can't possibly cover everything that's happened over the past few months.

Whether you are an existing client or new to RNS, if you have any questions about the issues raised or other financial matters which may be bothering you, please don't hesitate to get in touch.

Ian Pounder
Senior Partner



Ian Pounder
FCA
imp@rnsc.co.uk
T: 01724 842713



Seminar Success

More than 100 clients took advantage of a free RNS seminar that looked at the changes to payroll and pension auto enrolment.

If you missed the event at the Angel Suite in Brigg, there is still time to discuss how they impact on you or your business.

The Real Time Information (RTI) change to payroll is the biggest change to the PAYE system in history.

Likewise, the switch to pension auto enrolment will also have huge implications on businesses.

Speakers from RNS, Sage software and HMRC explained changes to those attending the seminar.

“The excellent attendance demonstrated how important these changes are viewed.”

The feedback was very good. We’d just encourage anybody who needs assistance, whether at the seminar or not, to get in touch as soon as possible, particularly with RTI issues.”

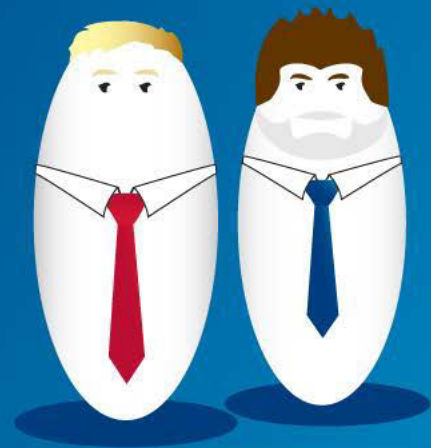
- Robert Smith

Suzanne Jervis, from HMRC, explained to attendees the main changes for payroll, what will not change, reporting in Real Time, the pilot scheme, where HMRC is now and the proposed time scale.

As for future seminars,

“We’d welcome ideas for topics from clients. It was great to meet and greet so many in informal surroundings.”

- Robert Smith



Rob Smith

BSc (Hons), ACA

rob.smith@rnscs.co.uk

T: 01724 842713

Business Records Checks

HMRC has launched a programme of 'Business Records Checks'.

Essentially, they are aimed at seeing whether traders are keeping sufficient records to calculate their profits accurately.

What is new is that 'Business Records Checks' do not set out to check the accuracy of a Tax Return that has already been submitted.

A 'Check' may be carried out even though the trader recently started in business and has not yet submitted a tax return.

Candidates are selected by the computer – no-one knows on what basis. HMRC will write to the trader, telling him or her to expect a telephone call.

The agent making the call will ask a series of questions about the business and the records kept, and also some rather odd questions such as: 'Do you need help understanding official forms?'

Again, on an unknown basis, some traders are selected for a visit, where the HMRC agent will inspect the records.

If he is not satisfied, he will tell the trader what needs to be done, in his opinion, to improve them.

Three months later, the agent will come back and, if he is still not satisfied with the records, the trader will be fined £500 (£250 if the business has been trading for less than a year).

We very strongly recommend you don't play this game. As soon as you receive the initial letter, let us know.

If somebody telephones from the Tax Office, or even turns up on the doorstep, refer them to us and do not enter into any further discussion.



John Heeney
BA (Hons), FCA
jph@rnsc.co.uk
T: 01724 842713

Partner Profile

Name: Alex Douglas
Title: Associate Partner

Specialisms: Audit, new start-ups,
clubs and associations.

Interests out of work: Running, cycling, football
and swimming.

Favourite television programme: Homeland, Match of the Day (when Liverpool win)

Favourite book / author: On the road, Jack Kerouac

Favourite holiday destination: New York

Favourite music: Kings of Leon, Beatles, Rolling Stones,
Mumford and Sons

Favourite food: Lamb / ice cream (not together, though)

Favourite drink: Gin and tonic

*Person you'd most like to spend
time with and why
(could be living or dead):* Muhammad Ali, born entertainer, in and
out of the boxing ring.

Best thing about North Lincolnshire: The proximity of the countryside, wherever
you live. We have an excellent quality of
life in North Lincolnshire.



Alex Douglas
BSc (Hons), ACA
alex.douglas@rnscs.co.uk
T: 01724 842713

New VAT Penalty Regime

The modernisation of the penalty system for VAT continues. The default surcharge will be replaced with new penalties which will be implemented over the next few years when HM Revenue and Customs' computer systems are upgraded.

Late filing payments will be:

1. First late return £100 penalty and the penalty period of one year starts
2. Second late return £200 (first in penalty period)
3. Third late return £300
4. Fourth and subsequent late returns £400

Each late return extends the penalty period window.

Returns that are more than 6 months late will attract a penalty of 5% of the amount due with a further similar penalty at the 12 month point

The penalties for monthly returns are similar, except the increases apply to every third late return in the penalty period.



Late payment penalties will be based on the VAT due on the return. They will be:

1. First late payment – no penalty but the penalty period of one year starts
2. Second late payment penalty of 2% of tax due (currently 5%)
3. Third late payment penalty 3% (currently 10%)
4. Fourth and all subsequent late payments – penalty 4% (currently 15%)
5. Each late payment extends the penalty period to the anniversary of the most recent defaults.

'The greatest impact of the flat rate late filing penalties will be to traders who make VAT repayment claims and put their returns in late.

Previously the penalties have only been levied on the VAT due and as there was no VAT due there was no penalty. Now, there will be.'



Rebecca Abbott

BSc, FCA, ATII, AIIT
rja@rnsca.co.uk
T: 01652 655111

Your ISA Allowance – Use It Or Lose It

The end of the 2012-2013 tax year is fast approaching. Have you used your full ISA allowance?

Investing within an ISA is a great way to allow your savings to grow or produce income, tax free.

Holding your ISA with RNS gives you a choice of more than 2,000 funds from more than 95 of the UK's leading fund groups.

You've still got time to use your full £11,280 ISA allowance for this tax year, which ends on the 5 April, 2013.

You are also able to transfer in any existing ISAs from other providers with minimal fuss.

On 6 April 2013, the new tax year begins, which opens up an additional, further allowance, of £11,520.

Remember, you can only pay into one ISA account each tax year so if you are thinking of changing where you invest then you need to plan now.

If you have any queries about ISAs and making an investment, please do not hesitate to contact us.



Andrew Clayton

ACA, Dip PFS

andrew.clayton@rnsc.co.uk

T: 01724 842713

Unpicking The Autumn Statement

Partner Adrian Ingleton reflects on Chancellor George Osborne's Autumn Statement and highlights key points.

Income Tax And Finance

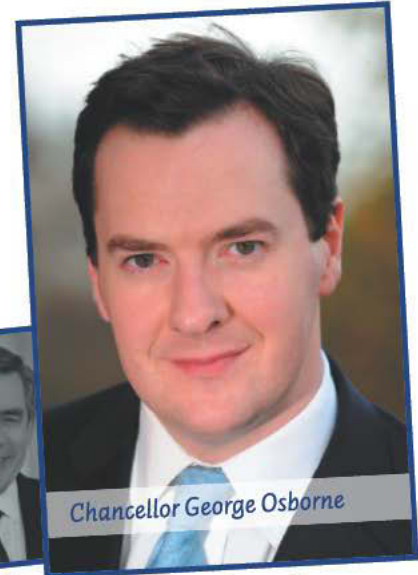
One of the headline announcements in the Chancellor's recent Autumn Statement was the income tax personal allowance, £8,105 at present, will rise to £9,440 for the 2013/14 tax year.

For a basic rate taxpayer, the saving will be £267 over the year, or just over £5 a week. However, the income point at which 40% tax becomes payable will fall, so the net benefit for higher rate taxpayers will be just over £1 a week.

The rates of National Insurance contributions for employees and directors will remain unchanged for 2013/14, though there will be small adjustments to the income bands to which they apply.

In general, assuming income remains constant, there will be a tiny reduction in the contributions payable.

The Class 2 contributions paid by self-employed people will rise by 5p, to £2.70 a week. Minor changes to the income bands for Class 4 contributions mean, on a given income, the charge will reduce by between £13 and £85 a year (the highest savings being enjoyed by those on the highest incomes).



Also pictured previous chancellors, from left to right: Alistair Darling & Gordon Brown

As announced in the Spring 2012 Budget, the higher income tax allowances for older people will be frozen for 2013/14, at £10,500 for those born on or before 5 April 1948 and £10,660 for those born on or before 5 April 1938.

However, the income limit (above which the age allowance begins to be reduced) will rise by £700, to £26,100.

There will also be a small increase in the married couple's allowance, which can only be claimed if at least one spouse was born on or before 5th April 1935.

Capital Taxes And Savings

The capital gains tax annual exemption, £10,600 for 2012/13, will be £10,900 for 2013/14.

The maximum ISA investment will rise from £11,280 in 2012/13 to £11,520 in 2013/14, with a maximum Cash ISA of £5,640 and £5,760 respectively.

The inheritance tax nil rate band will remain £325,000 until 6th April, 2015, when it will rise to £329,000.



Capital Allowances For Machinery And Vehicles

The Chancellor announced that, for two years from 1st January, the annual ceiling on Annual Investment Allowances (AIAs) will be increased from £25,000 to £250,000.

Broadly speaking, AIAs allow the whole cost of machinery and vehicles (other than cars) to be written off, for tax purposes, in the year of purchase.

However, this does not necessarily mean that a company (or an unincorporated business) is able to go out and buy even £100,000 of machinery that will qualify for the increased allowance.

This is because special transitional rules apply where the company's (or the trader's) accounting date is other than 31st December.

The full £250,000 allowance will then be due for qualifying expenditure in the next accounting year (to 31st March 2014).

"If you are affected by any of the issues in the Autumn Statement, get in touch by the usual methods and we will be happy to help".



Adrian Ingleton

FCA
adrian.ingleton@rnscs.co.uk
T: 01652 655111

Drawdown Income Limit

The Government has confirmed that a revised pension income draw down limit will come into effect from 26 March this year.

Capped drawdown is an alternative way to take money out from a pension pot, removing the need to buy a conventional annuity. It allows for more flexibility and better returns but is slightly more complicated and time consuming to operate than the alternatives.

Current rules, in force since April 2011, allow people in drawdown to take an income capped at 100% of the Government Actuary Department's 'official rate'. This was a reduction in the cap, previously being 120% of the official rate. The resultant calculation was meant to produce an income broadly similar to the annuity an ordinary pension fund of equivalent size would produce.

The global financial crisis then played its part and caused the official rate to reduce as well. The net effect, in many cases, was that people taking an income through drawdown saw a significant reduction in the income they could draw out.

However there is now a reprise with Chancellor George Osborne announcing in his December Autumn Statement plans to increase the limit back to 120% of the Departments official rate.

Bob Marris, one of the partners at RNS responsible for pensions, commented

"There has been significant industry lobbying about the effects that the lower gilt yields and the reduced income cap were having on people's retirement income so it is good to see this turnaround."

People whose income was effected could be able to review things again to see if they can benefit. Please contact us for more details.



Bob Marris

BA (Econ) Hons, FCA, Dip PFS

rfm@rnsc.co.uk

T: 01 724 842713

Brushing Up On Business



RNS partner Alex Douglas (left) wishes David Owen and Dave Calvert all the best in business and retirement respectively.

Advice from RNS has enabled a decorator to establish his own business – after 36 years in the job.

Scunthorpe-born David Owen has worked for Calvert Smith Decorators since he left school.

Painter and decorator Dave Calvert retired after more than 60 years but, in David, knows he's leaving clients in a safe pair of hands.

David Owen Decorating was created with help from RNS associate partner Alex Douglas. David (51) is confident about his new business's future success.

Calvert Smith has specialized in high-end domestic work over the years and David hopes that will continue.

His financial affairs have been given a sound start by RNS partner Alex Douglas, who specialises in start-up businesses.

David said: "I'd been recommended RNS by a customer and, just like our business, you can't beat word of mouth."

"I'm pleased with the help I've been given."

Alex wished David well with his new venture.

"It is a challenging, as well as exciting, time starting your own business," said Alex.

"Our aim is to take the stress out of necessary red tape so that businesses such as David's can focus on what they're good at.

We always do free initial, no obligation meetings with potential new RNS clients at a time and location to fit in with the busy schedules everybody has these days."

David Owen Decorating can be contacted on 07504 668504 or email d.p.owen@ntlworld.com

For more details about advice that can be given to small firms and start-ups, please contact Mr Douglas on Scunthorpe (01724) 842713.

Locals' Career Success

Careers in accountancy have added up to the right choice for four young people from Scunthorpe.

Amy Ogden, Sinéad Hill, Stacey Hare, Cheryl Waites and Liam Leckey joined RNS Chartered Accountants instead of going to university, all having attended local schools.

Partner Andrew Clayton, himself Scunthorpe-born and educated who also joined the Oswald Road firm at 18, said:

"We are committed to employing local young people where possible. Each of our latest recruits are being supported and developed as they follow the same career path."

Another 'home-grown' partner is Jenny Camm.

"These days, it is hard for young people to get good jobs and very expensive to go to university," Jenny said.

"It's satisfying to see young people follow in your shoes. Amy, for instance, has passed a significant milestone, having passed exams to become a part-qualified chartered accountant."



Bottesford-born Amy (23) joined the firm from John Leggott four years ago having previously attended Frederick Gough School.

She passed exams to become a member of the Association of Accounting Technicians (AAT) and is working towards her full chartered qualification

“Choosing to work for RNS was a much more beneficial option to me than going to university to study accountancy due to earning an income rather than having mountains of debt.”

The firm’s latest recruit is 19-year-old Scunthorpe-born Liam Leckey, who left John Leggott College in the summer having previously attended St Bede’s Secondary School

The trainee accounting technician, who passed A-levels in Business Studies, Economics and Sociology, will now study for his professional qualifications.

Another not regretting her decision to join RNS is Scunthorpe-born Sinéad. The 23-year old attended Queen Elizabeth’s High School in Gainsborough and then John Leggott.

She, too, is a Trainee Chartered Accountant, having completed her AAT qualification last December.

Stacey Hare (20) is an accounts assistant, studying for the AAT qualification.

Scunthorpe born, she went to South Leys Comprehensive before John Leggott. She has also recently passed her accounts technician exam and is now studying to become a tax technician before more work to become a chartered accountant.

Finally, Cheryl Waites started at RNS in the summer of 2011. The former student at Winterton Comprehensive School and John Leggott College is also studying for the AAT qualification. She was a finalist for the 2011 Kaplan Accountancy Scholarship, where she was spotted by Jenny.

Mr Clayton said the practice was delighted by the progress being made by the four recruits.

“It’s terrific to offer outstanding local people excellent careers and prospects. Jenny, myself and other partners at the firm are examples of what can be achieved.”



Celebrating Long Service

Four staff have received long service awards recently. Accounts clerk Anne Britcliffe has been with RNS for 25 years. She started on 3rd August, 1987.

Fiona Shipman has also worked for the firm for 25 years, having started in October, 1987.

Sue Buss will complete 30 years in April while Bev Hollis will mark 25 years with the business in September.

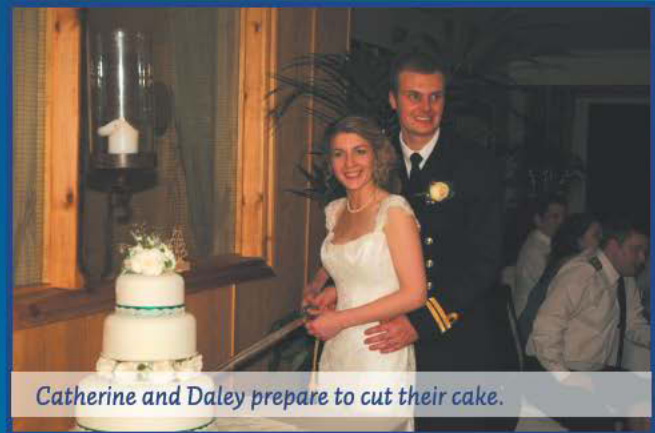


Congratulations

Congratulations to Catherine Snell (nee Mitchell) who married Daley between Christmas and the New Year.

Catherine is ACA qualified and works for RNS Chartered Accountants and RNS Independent Financial Advisors. Her husband serves in the Royal Navy.

Accounting technician Kaman Hye (nee Tsang) was also married last year.



Catherine and Daley prepare to cut their cake.

Bright Booklets

Help for start-ups

An illustrated 16-page guide on entrepreneurship, put together by RNS, is still available.

It gives essential tips on starting up a business. Partner John Heeney was behind the easy-to-follow guide which includes cartoons to communicate key messages.

John said: *"An entrepreneur is not necessarily a multi-millionaire running international businesses.*

They can be traders living down the street making their living from plumbing, childminding, web design or a host of other things.

What they all need is the right financial advice to start a new business and we would always recommend using a chartered accountant."

For a copy of RNS' "Hints and Tips for your Start-up Business", pop in to its offices on Oswald Road, Scunthorpe; Bridge Street, Brigg; or High Street, Barton-upon-Humber or call (01724 842713).



Networking

A networking group that RNS partners John Heeney and Andrew Clayton helped set up has passed its two-year milestone in January.

Network Scunthorpe is a group of business people who meet fortnightly over breakfast to discuss each other's businesses. Work can be referred to other members in the group.

Andrew Clayton, treasurer for the group, said: *"A referral is an introduction, not guaranteed business.*

However, since its inception two years ago, the group has generated £335,000 of completed sales for its members.

This is excellent for the local economy and testament to the professionalism and quality of the member businesses."

Guests are encouraged and anyone interested in attending can contact John or Andrew, or visit www.network-scunthorpe.co.uk.

Pensions Campaign Welcomed

Glossy campaigns and celebrity endorsements to highlight pension changes have raised awareness.

The push behind the new Auto Enrollment system brought Karen Brady out of the board room and Dragons out of the den.

The new regulations which rolled out on 1 October see employees being asked to pay 4% of their qualifying earnings into a pension scheme. The government will pay in a tax credit equal to 1% and the employer an additional 3%.

Andrew Clayton, partner at RNS dealing with auto enrolment commented;

“The new regime should help people save for a better retirement which is ultimately a good thing. News that any changes for smaller businesses will not be enforced until January 2016 gives owners the chance to plan for the associated costs.”

The current staging dates for smaller employers are:

50 to 249 staff | 1st April, 2014 to 1st April, 2015

30 to 49 staff | 1st August, 2015 to 1st October, 2015

Fewer than 30 staff | 1st January, 2016 to 1st April, 2017

The rate of employer contribution is phased in. It will be 1% up to September, 2017; 2% from 1st October, 2017, to 30th September, 2018; and 3% from 1st October 2018.

Contributions are payable on earnings between £5,564 and £42,475.

Employers will need to establish a ‘qualifying workplace pension scheme’ prior to their staging date to fulfil their duty.

This can be a new private scheme, a modified existing scheme, or the governments NEST scheme (National Employment Savings Trust).

Tax Savings

Time is running out to make pension contributions effective in the current tax year.

Partner, Andrew Clayton observed
“It is a busy time of year for us with pension planning. People are looking for ways to make tax efficient savings and bring down next year’s tax bill.”

Contributions made up to 5 April qualify for tax relief at a basic rate of 20%, rising to 40% for higher rate tax payers, and in some cases even as high as 60%.

People with assessable profits or income between £100,000 and £116,210 pay an effective 60% rate of income tax on those earnings because their personal allowance is clawed back. A pension contribution reverses this and generates 60% income tax relief which is an attractive tax planning opportunity.

Please contact us if you would like to discuss setting up a new pension scheme, or investing into an existing one.



Andrew Clayton

ACA, Dip PFS

andrew.clayton@rnsc.co.uk

T: 01724 842713



PARTNERS

Ian Pounder

FCA
imp@rnscs.co.uk



John Heeney

BA (Hons), FCA
jph@rnscs.co.uk



Bob Marris

BA (Econ) Hons, FCA, Dip PFS
rfm@rnscs.co.uk



Rebecca Abbott

BSc, FCA, ATII, AIIT
rja@rnscs.co.uk



Rob Smith

BSc (Hons), ACA
rob.smith@rnscs.co.uk



Andrew Clayton

ACA, Dip PFS
andrew.clayton@rnscs.co.uk



Alex Douglas

BSc (Hons), ACA
alex.douglas@rnscs.co.uk



Jenny Camm

BA, ACA
jennifer.camm@rnscs.co.uk



Adrian Ingleton

FCA
adrian.ingleton@rnscs.co.uk

Income tax rates and bands 2013/14

£ a year

Basic rate - 20%¹
Higher rate - 40%
Additional rate - 45%

0 - 32,010
32,010-150,000
Over 150,000

¹ There is a 10% starting rate for savings income only. The starting rate limit is £2,790 for 2013/14. If an individual's taxable non-savings income exceeds the starting rate limit, then the 10% rate for savings is not available. The tax rates for dividends are 10% basic rate, 32.5% higher rate and 37.5% additional rate.

Income tax allowances 2013/14

£ a year

Personal allowance
Personal allowance (age 65-74)
Personal allowance (age 75 and over)
Income limit for personal allowance
Income limit for age-related allowances

9,440
10,500
10,660
100,000
26,100

National insurance rates 2013/14

Lower earnings limit	£109 a week
Primary threshold	£149 a week
Secondary threshold	£148 a week
Upper earnings limit	£797 a week
Employees rate on earnings between £149 & £797 per week	12%
Employees rate on earnings over £797 per week	2%
Employers' rate on earnings above £148 per week	13.8%
Upper profits limit	£41,450 a year
Lower profits limit	£7,755
Class 4 self-employed rate on profits between £7,755 and £41,450	9%
Class 4 self-employed rate on profits over £41,450	2%
Class 2 self-employed national insurance	£2.70 per week

We help and advise start-up businesses every day. Give us a call for a completely free, no obligation meeting.

RNS
Financial Services Ltd

e: action@rnscs.co.uk

action@rns-ifa.co.uk

Scunthorpe - 01724 842713
50-54 Oswald Road,
Scunthorpe,
North Lincolnshire,
DN15 7PQ

Brigg - 01652 655111
The Poplars, Bridge Street,
Brigg,
North Lincolnshire,
DN20 8NQ

Barton - 01652 655111
41 High Street,
Barton-Upon-Humber,
North Lincolnshire,
DN18 5PD

This newsletter is for general guidance only and represents our understanding of law and HM Revenue & Customs practice as at January 2013. RNS Financial Services Ltd is authorised and regulated by the Financial Services Authority. The value of investments may go down as well as up and you may not get back the full amount you invest. Past performance is not necessarily a guide to future performance.

Design & print by printing.com @STUDIO55: 01724 282 971