

NEWSLETTER - MARCH 2011

2010 Tax Returns

Record numbers in January again, so have written to all concerned suggesting they arrive earlier next year. After all wouldn't it be better (A) to receive a tax refund as soon as possible or (B) to be able to plan ahead for a tax payment, rather than having a few days' notice!

2011 HMRC Penalties

Another reason to be early! A whole new regime of late filing penalties is on the way. HMRC want to penalise late tax returns regardless of no tax to pay, and are also wanting to introduce new 5% surcharges and £10 daily penalties for really overdue cases. You have been warned!

2011 Checklists

As more companies use our services so shall we prepare yet more individual checklists. Do please ask for these in April so that you know what to put into your shoeboxes.



We always try to personalise them for each company to eliminate any confusion for what we need. For nutrition companies, do please note the requirements when recording "own use" of products against "samples". There's a world of difference in the tax treatment, so if in doubt do call us first.

2011 Fees

We are again keeping the basic rate the same, but will be adding a little as the number of entries we make increases. Our annual fee list sets this out so if you want to keep our costs down only send in business related receipts rather than those we have to record as private drawings.

**Over £8.2 million
in tax refunds**



**Book
"Tax without Tears"**



Accounting Software



**Starter Kit/Advanced
Accounting Kit**

March 2011 Budget

Apart from changes in personal tax rates, there were a number of relevant changes from 6 April 2011:

- The first 10,000 mileage claim goes up from 40p to 45p, although the 25p claim thereafter stays the same.
- For each additional passenger on a business journey you can claim an extra 5p per mile. You'll have to record this separately in case the claim is challenged! Two of you in a car for monthly meetings is an obvious area to record.
- VAT registration now becomes obligatory with an annual turnover of £73,000 (up from £70,000).
- Capital gains are now free of tax up to £10,600 (up from £10,100). Entrepreneur's 10% rate extended from £5m to £10m so you can sell your business virtually tax free!!
- As previously announced, any deficits in holiday cottage lettings can only be offset against surpluses from the same source. Also more stringent changes to periods of letting come into force.
- Certain benefits for non-doms. If you are one, please ask us.
- IR35 is not being abolished (shame!), but apparently will be made clearer with a dedicated helpline.

Registering as Self-employed

When you first start trading as self-employed (sole trader or partnership), you should register with the Revenue as soon as possible. This is important in order to ensure that you get a tax reference number, as you cannot file a tax return without it. It is particularly important for partnerships. In addition, the Revenue can take 4 to 8 weeks to issue the tax reference number.

You also need to set up the national insurance position relevant to your circumstances, i.e. to pay or not pay the self-employed NI.

Please call us and we can explain how and when to register.

Self-employed National Insurance

Class 2 NI is an important issue for self-employed taxpayers as it protects their rights for state pension and state benefit purposes. You are required to pay it when you become self-employed, unless you apply for the small earnings exception (SEE), or are over pension age. SEE applies where the business is anticipated to generate a profit below the small earnings limit (£5,315 p.a. for 2011/12).

NIC issues are particular to each taxpayer, so if you are unsure about your position, please contact us.

New Products

To follow up our Accounting Starter Kit and Robert's book "Tax without Tears", our new product about to be published is an "Advanced Accounting Kit". For the same price as the others, this is aimed at more senior distributors reaching the VAT threshold and thinking about future tax planning, and using limited companies when appropriate. Lots of ideas for you to think about... as we always say we are here to advise you from the beginning of your direct selling career right through to the top.

Code Watch

Anyone with a PAYE based source of income (employment or pension) should regularly monitor the PAYE Code. The Revenue do make errors! Only the taxpayer can check the Code and change it. Employers do not deal with your tax.

The standard code for 2011/12 is 747L, but if you think your Code number may be wrong, please contact us immediately.

Foreign Income

Your UK tax return requires you to disclose all income sources no matter where they arise. This means all foreign income sources need to be made known to us. These could include bank account interest, dividends on shares or unit trusts held outside the UK, rental income from overseas properties and pensions arising overseas. Please contact us if you need advice about any foreign issues.

Tax Credits

Ever since Tax Credits were introduced back in 2003, they have become an important source of income for many parents and lower paid workers. They have also become a misunderstood state benefit with many people not realising what they are required to do under the system. Getting something wrong can be expensive as the benefit can be stopped, or repayment requested.

Tax credits are a means tested state benefit. The means testing is done on an annual tax year basis. The use of a business loss under tax credits is important and can give rise to retrospective benefits.

Should you require help with your tax credits please contact us.

Student Finance

With the number of people going to university having greatly increased over the past two decades, Student Finance is an important issue, particularly for your tax return. We need to be made aware if you have a Student Loan. The tax return has to show certain information on it, even if it does not result in student loan repayments.

Please contact us if you are involved with Student Finance.

DSL Staff Changes

This year has seen Tom leaving for a full time role as European Financial Controller to an American client, obviously we'll miss him and wish him well, and at the end of March, Robert's 2 original staff Di and Sue are retiring... they have been pillars of strength right from 1997 when DSL started.

So there's lots of re-organising and recruiting underway, and soon the team will have been rebuilt to look after you equally well.