

Tax bill may damage your wealth



By Chris Hunt,
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"TAX doesn't have to be taxing" goes the slogan. The person who dreamt up that slogan may be regretting their words today.

The last minute rush to complete the 2010 tax return has brought to the fore how much tax has been suffered.

Looking at the rising fuel pump prices as a rough and ready barometer, there is more to come. It tends to move in one direction; and that is rarely down.

Armed with the knowledge of what is around the corner, business owners and directors have the opportunity for tax planning to mitigate the adverse affects where possible.

The draft clauses of the Finance Bill 2011, set out the proposed tax changes for 2011/12.

Here are some of the changes affecting small to medium-sized businesses and employees.

The increase in personal allowances on one hand is countered by a reduction in the point at which the 40 per cent tax rate is applied. People who use a mixture of salary and dividends to keep their income in the lower tax rate will need to revisit their calculations or face an additional tax when they come to complete their personal tax return.

The additional rate of income tax of 50 per cent which applies to income above £150,000 will be maintained for 2011/12. Beware; the effective rate of tax at lower income levels greatly exceeds this 50 per cent rate.

The previous Governments' plans for the increase of National Insurance Contributions (NICs), which many will have forgotten about, will be actioned. From April 2011, a further one per cent will be added to the rates appli-

cable to employers, employees and the self employed. The main rate of Class 1 (employee) NICs will be 12 per cent, while the Class 4 rate will be nine per cent. The employer rate will therefore increase to 13.8 per cent while the additional rate of Class 1 and 4 contributions payable will be increased from one to two per cent.

With effect from April 1, corporation tax for companies with profits up to £300,000 will be reduced by one per cent to 20 per cent, and new rules will be introduced to determine Associated Company status.

Where businesses provide free samples of their products for marketing purposes, presently only the first sample is not liable to VAT. It is proposed to extend this relief so that none of the samples are liable.

That may be a taste of what is coming but are our businesses leaking tax and ultimately cash?

With a specific review of the Company's structure, Director Loan Account arrangements and property held inside the company, it may be possible to highlight tax reliefs and allowances that have not been fully claimed.

Not only will this process be likely to lower your tax payable going forward, it could lead to a recovery of tax already paid, which may help finance you and your business while we wait for the banks to give their local managers the discretion to lend.

Future topics will include looking at tax back on property held in a company, corporation tax deduction for personal life insurance and VAT with businesses in the service sector.

BUSINESS BRIEFING

Studio plan for garage site

CHRIS Lynn photography wants to turn a former car sales garage on Grimsby Road, Cleethorpes into a photography studio.

His planning application will be considered by North East Lincolnshire Planning Committee in the next few weeks.

Fiver-only ATM

CASH machine operator Bank Machine has brought one of its 'fiver-only' ATMs to Humberston.

Sited at the Martins on Grimsby Road, the free-to-use ATM is joining Bank Machine's growing number of £5 note-only ATMs.

It forms part of Bank Machine's 'Fight For Fivers' campaign designed to get more fivers into circulation.

Warehouse bid

SHAND Engineering Ltd wants to change its warehouse on Europa Way, Stallingborough to light industrial and general industrial use.

A planning application to this effect is with North East Lincolnshire Council.

Planning to expand?

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Builder offers incentives to boost market

A LOCAL housebuilder has a selection of three and four-bedroom homes available at Kirk's Paddock in Grimsby and is offering a range of incentives designed to help get you moving.

Patsy Aicken, sales manager for Redrow Homes (Yorkshire), commented: "Moving home doesn't have to be expensive or stressful. At Redrow we work hard to make it simple and affordable for our customers. And whether you're starting out or starting over we can help you buy your dream home with a choice of incentives that can be tailored to your individual needs or circumstances."

"For example, those with a property to sell may be able to trade it in as part-payment for a brand new home. Or if you're looking to make your first step on the property ladder you may be able to take advantage of the Government-backed HomeBuy Direct incentive."

Part-exchange is the smart way to move up the property ladder. It means customers can look forward to moving day as the process is quick and easy;

they'll be offered a fair price for their old home within seven days, they won't have to worry about being caught up in a complicated chain and there are no estate agent's fees to pay.

It's available on selected homes, including the four-bedroom Roadford, on the market at £199,995.

The generous kitchen, with floor to ceiling units and integrated appliances, includes a breakfast area. There's a separate dining room with French doors to the garden to give meal times an al fresco feel; while double doors leading from the dining room to the lounge means the progression from the table to the sofa is a natural one.

Or if part-exchange isn't for you, then eligible customers with a household income of less than £60,000 could put off paying almost a third of the price of selected properties at Kirk's Paddock with the help of an equity loan through HomeBuy Direct. The Government-backed scheme is open to first-time buyers, those starting over after a change of circumstances and

growing families in need of extra space.

For example, a three-bedroom Hayward, on the market at £144,999, could be snapped up for an initial outlay of just £101,499. The outstanding balance is interest free for five years and can be paid when the customer has more funds available or when they come to resell.

With local amenities in Scartho within walking distance of the development, residents' everyday needs are well catered for at Kirk's Paddock. Grimsby town centre is just two miles away and Cleethorpes is also easily accessible.

For more information about the homes available, visit the sales office, open Thursday to Monday from 10am to 5.30pm. Details of the latest availability and pricing are available by calling (01472) 276868 or logging on to www.redrow.co.uk/developments/kirks-paddock.

To watch easy to follow buying guides to part-exchange and HomeBuy Direct, visit <http://tv.redrow.co.uk/help-to-buy/yorkshire>.



The Roadford at Kirk's Paddock is available with part-exchange.

Paul gains key qualification



Mr Duckworth is one of the first people in the country to gain the new qualification.

GRIMSBY independent financial adviser Paul Duckworth has become one of the first in the country to gain a key new qualification.

It was introduced by the Society of Trust and Estate Practitioners (STEP) and aimed specifically at financial advisers.

As a specialist in retirement and inheritance planning, Paul's services already include dealing with trusts and estates.

Now the award of the STEP Certificate for Financial Services will give him even more technical insight into these areas.

at financial advisers," he said. "The syllabus is quite large and covers topics like domicile and residency, classification of trusts and trust taxation."

However, despite his long list of previous examination successes, Paul found that this particular test was not all plain sailing.

"It was one of the most difficult I've ever taken," he explained. "I wrote a huge amount in the exam but in hindsight I thought I had done very badly on one question so I was really delighted when I got a Distinction with a mark of 84 per cent."

Paul believes he is the first financial planner in this area to pass the STEP Certificate and his aim now is to work even more closely with trust and estate practitioners.



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