

# SPRING NEWSLETTER

## Budget Changes

### INSIDE THIS ISSUE:

Late Filing Penalties	2
Recession Funding	3
Employment Law	3
VAT Changes	3
VAT Changes	4

Not quite what everyone was looking for but here are some of the key positives for our business clients.

- Extending the enhanced loss relief for a further 12 months
- Enabling businesses to spread the payment of the April 2009 up rating to business rates over three years
- A "top up" trade credit insurance scheme to help

businesses maintain their finances, in which the Government will offer to match private sector trade insurance provision, for a temporary period, if insurers reduce cover to any UK business

- For a temporary period, a vehicle scrappage scheme co-funded with

industry, that will enable consumers who scrap vehicles older than 10 years to replace them with new vehicles at a discount of £2000

- Enhanced first year capital allowances of 40% for one year with effect from April 09.

Our budget newsletter will highlight the other key issues from this year's budget.

## National Pension Savings Scheme changes

The National Pensions Saving Scheme comprises a new system of Personal Accounts which the Government is to introduce in 2012, and will affect any company that does not offer pensions to their employees.

Under the changes:

- All companies must provide compulsory enrolment in the scheme for their employees, unless they already offer contributions into their own occupational

pension schemes and such schemes meet certain minimum standards

- Companies will have to make compulsory contributions on "band earnings" i.e. (approx £5000-£33,000) of 3% of salary to the NPSS, with employees paying 4% and the Government 1% via basic rate tax relief. The employer contributions will be

phased in over 3 years but a longer time is currently being considered for smaller businesses

- Self employed individuals and also non workers will be able to join the scheme on their own account.

We are working with our pension specialists to offer special schemes to our clients so if you are interested please give us a ring so we can discuss your own personal requirements.

## Increase in Companies House late Filing Penalties

With effect from 1<sup>st</sup> February 2009 changes to the Companies Act mean that there will be significant increases in the penalties applied for accounts filed late, on or after this date.

Within the Companies Act 2006 it requires all companies to deliver annual accounts to the Registrar of Companies by the due date. Section 453 specifies that a civil administration penalty shall be payable if the accounts are delivered late, and provides for the Secretary of State to

specify the level of this penalty through regulations.

To increase the effectiveness of the late filing penalties when the act comes into force Companies House will change the current schedule of late filing penalties

In parallel, the Government will be amending other parts of the Act so that these changes also apply to accounts prepared under the 1985 Act but delivered late on or after 1<sup>st</sup> February 2009 when the updated penalties come into force.

The other major change is the doubling of the penalty for any company which files late having also filed late in the previous year

If you are unsure then please feel free to give us a ring

How late are the accounts delivered	Penalty—Private Company	Penalty- PLC
Not more than one month	£150	£750
More than one month but not more than three months	£375	£1500
More than three months but not more than six months	£750	£3000
More than 6 months	£1500	£7500

***In addition, where there was a failure to comply with filing requirements in relation to the previous financial year (and that the previous financial year had begun on or after 6<sup>th</sup> April 2008) the penalty will be double that shown in the table.***

***When the penalty is not paid it will be referred to collection agents. If it remains unpaid, legal action may be taken which could result in a County Court Judgement or a sheriff Court decree against your company***

## Alternative Funding in the Recession

Given the difficulties the Banks are facing it is not surprising that conventional borrowing is now harder to come by.

More business are now looking at other ways to improve cash flow

- Remember being paid and paid on time is not a certainty. Set out your terms of business at say 30 days and then look to charge interest on late payments. Invoice promptly and chase as soon as the term passes.
- Depending on the size of the debtor book you might want to consider factoring/invoice discounting. This market is growing rapidly and the old stigma is disappearing as this becomes an accepted way to trade.
- Payroll Finance is also becoming more popular with a number of firms now offering this facility
- There are now a number of finance houses willing to look at asset refinance either on HP or sale or lease back. If the asset is still in productions then rather than have it sitting in the balance sheet you could have it helping cash flow.
- The UK government and the E U, have many grant schemes available it is just knowing where to look for it.

Through our Financial adviser Steven Cox we can help you find the funding line that's right for you so please feel free to phone him at the office or on 07940 797431

## Employment Law Updates

2009 is set to be a big year for change in employment law. The "big three" changes planned this year are:

1. Increase of statutory minimum holiday entitlement to 5.6 weeks (28 days) from 1<sup>st</sup> April.
2. Changes to the disciplinary & grievance procedure
3. New rules on the vetting of people working with children & vulnerable adults, from 12<sup>th</sup> October (England & Wales only).

all employers must follow from 6<sup>th</sup> April.

In addition, the right to request flexible working arrangements is likely to be

extended to include parents of school-aged children (aged 6–16) from April, although this change has yet to be confirmed by the government.

From the 5<sup>th</sup> April Statutory Maternity, Paternity and Adoption pay increases take effect with the new rate set at £123.06 per week

If you wish to learn more about how we can help with your Employment Law issues please give Steven Cox a ring at the

## VAT new changes to the building sector

As any builder knows if you are building house to then sell them, you can recover all your VAT on the building as you go along.

If you do the same thing but with the intention of renting the property out, you cannot reclaim the VAT.

What happens though if you change your mind?

With the current economic climate many builders who originally intended to sell are now looking to rent them out until the property market comes back.

HMRC have recently published guidance on this very scenario.

As long as you still intend to sell the house in due course, you won't lose all the VAT. However, there may be some claw back of the VAT you claimed in the past, because you are now renting which is only partly exempt until you sell in the future.

HMRC guidance explains this in more depth so please give us a ring and we will be happy to advise you on whether you have anything to worry about.

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## VAT claiming on bad debts

Unfortunately with any recession and particularly with this one, bad debts become an increasingly prevalent.

One positive point though, is that you can reclaim the VAT element of any unpaid sales invoice provided the output VAT has already been included on a VAT return so long as certain conditions are followed:-

- The debt must be at least six months overdue for payment. In the case of invoices raised on 30 day terms the debt will qualify on the seventh month of the invoice date.
- The debt must be written off in the accounting records. I.e. your ledger is credited and a bad debt account created.
- The debt has not been sold to a factoring company

## About Our Organisation

We hope you find the articles in the spring edition of interest and relevant to your businesses.

This is your newsletter, and as such, if you want information on any subject that will benefit other clients, then please let us know and we will incorporate it in the newsletter.

Likewise, if you have some good news then let us know, and we can share this with our clients. You may have won a new contract or celebrated a milestone. Given the bad news every day in the press let's break the mould and start sharing some good news for a change

I'll start the ball rolling by announcing that Poole Waterfield has now been trading in Dudley for over 50 years so here's to the next 50!!!

