



Alan Wintersgill - managing Partner

Welcome to our Autumn edition of NewsWire.

This year marks 90 years of the firm's involvement with the Yorkshire business community and what better day to celebrate than Yorkshire Day.

The event was celebrated in style with traditional Yorkshire Fayre, white roses, a brass ensemble and traditional ales from Dudley Hill brewery, Salamander Brewing Company.

The event, which was attended by over 150 guests, took place at Carlton House and for once the weather was very kind to us.

Special thanks also to Ian Hamilton who brought along his magnificent model of the Cartwright Hall for auction. The model took more than a year to build and used over 13,000 matchsticks. The current bid for the model stands as £???, and all proceeds will be going to the ???? charity.

We are very proud of our Yorkshire heritage and were delighted that so many of our friends, clients and colleagues were able to join us for Yorkshire Day.

Alan Wintersgill

IHT Nil Rate Band Change

The need for married couples and civil partners to plan for IHT by entering into nil rate band discretionary trusts and similar arrangements has been largely negated by a proposal in the Pre Budget Report.

The response to the opposition proposals for the IHT nil rate band to rise to £1 million is to allow full use of two nil rate bands for married couples and civil partners. Thus, for an individual who dies leaving part or whole of their entire estate to a surviving spouse, the proportion of the nil rate band that is not utilised on first death will be available on the death of the surviving spouse from 9th October 2007.

This change will effectively provide a £600,000 nil rate band to all couples (married or civil partners) rather than only those who have executed some IHT planning steps.

The nil rate band thus transferred will be limited to the nil rate band at the time of the death of the second spouse. This will be relevant where an individual survives in a number of marriages or civil partnerships.

For example, a widow who has survived four husbands, being left their entire estate on each occasion will still only benefit from two nil rate bands on her estate at the date of her death.

A claim to additional nil rate band will be made by the personal representatives on the second death.



Accounting Accolades

Each year the firm supports students at Bradford University's School of Management by awarding the 'Naylor Wintersgill Prize' for Accounting and Finance.

This year the award was won by Ding Yi and was presented by Vaughan Houldsworth and Vicky Fryer.



Arctic Systems: Taxpayer victory turns to defeat

In July this year, a House of Lords judgement found in favour of Mr Jones in his long-running appeal against HM Revenue & Customs. Mr Jones had been remunerating both himself and his wife in the form of equal dividends from his limited company, Arctic Systems Ltd. This is a common form of remuneration for directors, and their spouses, of unquoted limited companies.

The Revenue had challenged Mr Jones on the grounds that as he was the sole fee earner of the company, the payments made to his wife were effectively an appropriation of his income, and should in fact be taxable solely upon Mr Jones.

Following the decision of the House of Lords, the government announced that they intend to change existing tax legislation in order to outlaw so called 'income splitting'.

A consultation exercise has been announced in order to combat such income splitting in both limited companies and partnerships comprised of a husband and his wife.

The government have stressed that the exercise will not extend to employees.

Any legislative changes will come into effect from 6th April 2008.

Directors' Duties and Responsibilities



Duties

1 October 2007 saw the implementation of much of Part 10 of the Companies Act 2006. The Act codifies common law principles by spelling them out and as a result all directors will now have, amongst other things:

- a duty to act within powers conferred to them by the company's constitution;
- a duty to promote the success of the company;
- a duty to exercise independent judgement;

- a duty to exercise reasonable care skill and diligence;
- a duty to avoid conflicts of interest;
- a duty not to accept benefits from third parties;
- a duty to declare interest in proposed transactions or arrangements;

■ Although the duties are not ranked in order of precedence the first duty is to promote

the success of the company for the benefit of the members as a whole and this includes the consideration of the impact of any tax planning.

How the duties will, in practice, be interpreted by the courts is not completely certain and it will be observed very carefully, particular, when duties conflict.

Responsibilities

A director has a personal responsibility to ensure that statutory documents are delivered to the Registrar of Companies as and when required by the Act.

The Companies Act provides a wide range of penalties which can be levied against directors if they fail to comply with their statutory duties. These vary from fines to imprisonment.

Companies House reports that on average 1000 directors are prosecuted each year for failing to deliver accounts and returns to the Registrar on time. Persistent failure to deliver statutory documents may also lead to a director being disqualified from taking part in the management of a company for a specified period.

How can we help

You will now be aware that the position of director must not be accepted lightly.

- The law is designed to penalise those who act irresponsibly or incompetently
- A director who act honestly and conscientiously should have nothing to fear

We can provide the professional advice you need to ensure you are in the latter category. We can also provide specific professional advice on the Act or parts of it, whether relating to tax planning or otherwise.

For further information please contact David Garbutt on 01274 733184

PRE-BUDGET NEWS

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Capital Gains Reform

Capital Gains Tax (CGT) is going to be reformed for individuals, trustees and personal representatives, but not for companies. New measures will apply from 6th April 2008.

Finance Act 2008 will introduce a new single rate of 18% for CGT, and the following changes will be made to simplify the system:

- The withdrawal of taper relief
- The withdrawal of indexation allowances
- The abolition of the "kink test" for assets held at 31 March 1982
- Abolition of halving relief
- Simplification of share identification rules

The annual exempt amount will remain. It is currently £9,200 (£4,600 for trustees). The amounts for 2008/09 will be announced in the 2008 budget.

Other existing CGT reliefs will continue to be available for example:

- Principle private residence relief
- Business asset roll over relief
- CGT relief under the VCT and EIS schemes
- Business asset gift hold-over relief
- Losses may still be carried forward

HMRC say that they will be discussing the consequential changes and draft legislation proposals with interested parties.

The rules will mean that the original cost of an asset will not be adjusted for past inflation any more.



For further information please contact the tax department on 01274 733 184 or email: vaughanh@naylorwintersgill.co.uk

Fuel Benefit Charge



As the law currently stands if an employee receives free fuel from their company car for private use then a benefit that is subject to tax and NICs arises from section 149 of Income Tax (Earnings and Pensions) Act (ITEPA) 2003. Since April 2003 the fuel benefit charge has been

calculated by applying the appropriate company car tax percentage to a set figure known as the multiplier. Since April 2003, the multiplier has been set at £14,400. The percentage is calculated by reference to the CO₂ of the company car. Tax and Class 1A NICs are then charged on the Fuel Benefit Charge.

From 6 April 2008 the fixed multiplier will increase from £14,400 to £16,900.

Increase in the Payment On Account Threshold

Measures doubling the threshold below which taxpayers do not need to make in-year payments on account of their annual income tax liability under the ITSA system are set to affect over 300,000 with a business income.

In the pre-budget report, the chancellor announced the threshold would rise from £500 to £1000 for taxpayers making payments on account (POA) of their annual income tax liability under the self-assessment system.

Currently, those within the ITSA scheme are required to make two POAs towards their income tax liability unless their income tax for the previous year was less than £500 or at least 80% of the tax was deducted at source.

Under the new measures, 367,000 taxpayers are set to be removed from the POA regime, including 319,000 with a business income. The measures will take effect from 6th April 2009 for income tax due for 2009-2010.



Meet the people

Payroll Department



Left to right: Emma Kellett, Alanna Rhodes, Joan Scott and Marian Moorhouse

Marian, Emma, Joan and Alanna are the staff who run our payroll bureau. Our service is competitively priced, fast, accurate, reliable and up-to-date with current legislation. You have the added bonus of confidentiality, flexible pay periods and continuous payroll cover.

The payroll bureau was established in 1990 when we had just one payroll client. We now prepare payroll for over 250 clients ranging from small companies with only one member of

staff to clients with over 100 employees. Marian our payroll manager has been with the company for over 21 years and has a wealth of PAYE experience. Emma and Joan are both very experienced in payroll and Alanna our newest member to the team is making excellent progress as our junior payroll clerk.

For more information on payroll matters please contact Marian on 01274 733184 or email: marianm@naylorwintersgill.co.uk

New Starters



Left to right: Catherine Bedell, Darren Fullthorpe and Joan Scott

As part of our ongoing expansion programme we have appointed three new members of staff.

Darren Fullthorpe trained with Leeds based accountants prior to working

for the past 8 years as an in-house company accountant. His new role sees him take up the position of Accounts Manager.

As seen above our Payroll Department continues to expand with the appointment of Joan Scott. Joan brings over 25 years of office administration knowledge and most recently worked for a local haulage business.

Catherine Bedell has 20 years experience in the accounting sector with experience in book-keeping including wages, fundraising and secretarial duties. Catherine previously worked in engineering firms, but most recently in the voluntary sector, for two charities giving support to women fleeing domestic abuse.

New Trainees

Managing Partner, Alan Wintersgill, commented, 'We welcome all our new members of staff as the firm continues to expand. We will continue to recruit high calibre personnel, encouraging their career development and enhancement through our established training channels.'



Left to right: Chris Eastwood, Charlotte Ing, Katy Douglas, Dale Padgett

Naylor Wintersgill offers a full range of financial and business services including:

- Audit and accountancy
- Business start-ups
- Buy-ins / Buy-outs
- Cashflow forecasts and budgeting
- Company formation
- Corporate finance
- Financial planning
- Human resources
- IT Consultancy
- Management accounts
- Payroll bureau
- Sage installation and support
- Strategic planning
- Taxation compliance
- Tax planning
- Wealth management

