



Alan Wintersgill - Managing Partner

Welcome to our Spring edition of NewsWire.

The start of the year was momentous for us to say the least with our move to Carlton House.

A huge amount of work went into the renovation (not to mention a few sleepless nights) and it was extremely satisfying to see the rewards of this when we moved in.

We were honoured to have the Lord Mayor of Bradford attending our launch celebrations and officially opening Carlton House on 22nd January.

I would like to take this opportunity to thank everyone involved for their hard work, time and effort - we should all be proud of the results.

Many of our clients and business partners have already visited Carlton House and we welcome anyone who has not yet had the chance to call in.

*Alan Wintersgill*

## The opening of Carlton House

The Lord Mayor of Bradford, Councillor Choudhary Rangzeb, officially opened our new Carlton House headquarters on 22nd January.

The 9000 sq. ft., Carlton House on Grammar School Street, Bradford, was acquired in May 2006 and subsequently underwent an extensive refurbishment, taking the investment in the project to over £1.75 million.

Speaking at the official opening, which was attended by local business leaders and dignitaries, Councillor Rangzeb commented,

'I am very pleased to officially open the new premises for Naylor Wintersgill, a firm which continues to demonstrate its long term commitment to Bradford as its business base. It is also pleasing to see Carlton House refurbished to such an exceptionally high standard, as the building has played a significant role in Bradford's history.'

Managing Partner, Alan Wintersgill responded,

'The move was precipitated by our continued business growth and increased staffing levels. Acquiring Carlton House for our headquarters will not only provide state-of-the-art facilities for staff and clients but will also allow for significant future expansion.'



The building was the subject of major refurbishment and modernisation during the early 90's and was then acquired by a charitable pension fund and let to a national accountancy firm.

The Firm has subsequently held three welcome evenings for Professional contacts. The evenings were a great success with representatives from many local businesses attending. It was a chance for the Firm to welcome their fellow Professionals and thank them for their continued support.

Pictured above: The Partners outside Carlton House. Below: Vicky Fryer and Alan Wintersgill at the official opening with the Lord Mayor and Lady Mayoress, Councillor Choudhary Rangzeb and Mrs Zahida Rangzeb.



### Construction Industry Countdown



The new Construction Industry Scheme (CIS) started on 6 April 2007. HMRC are anxious to ensure that contractors are ready and various mailings have been sent out.

The new scheme dispenses with cards, certificates and vouchers. Instead, when a new subcontractor is taken on, a verification process is required. This can be done by contacting HMRC by telephone or online. HMRC will advise

whether payments may be made gross or under deduction of 20% tax.

If a subcontractor cannot be verified, tax will have to be deducted at a higher rate of 30%.

There are no vouchers and, instead, contractors make monthly returns and issue payment statements. The monthly return includes a declaration that the contractor has considered the status of all subcontractors and that none of them is an employee. Returns can be made online or in paper form.

Certain existing subcontractors do not need to be verified and HMRC have mailed contractors with a provisional list of subcontractors they have used in the last two years and who they may treat as verified.

In January 2007 HMRC mailed

contractors with detailed packs setting out the new rules. From February 2007 contractors have been able to commence verification of subcontractors not on the lists sent out to them. A final list of verified subcontractors will be sent out by the end of April 2007. From then on each new subcontractor taken on will need to be individually verified.

At a time when identity theft is very much on the increase, one possible weakness of the system is the lack of any requirement for photographic evidence of identity. A contractor need not even see the subcontractor face to face in order to be able to verify them. They need only to be supplied with the subcontractor's details.

These are important changes which contractors must address. Please contact us if you need further advice.

### Preserving the inheritance

In recent months, appeals have come from both ends of the political spectrum for an abolition of inheritance tax (IHT) or, at least, some exemption or relief for a person's main residence.

The increasing clamour for change has been fuelled largely by the rise in house prices which have outstripped the nil rate band for IHT, currently £300,000. This amount is roughly the same as the average price of a detached house in England and, in 10% of towns surveyed by HBOS, the average price of all house types is above this amount.

#### Seven year itch

Planning to minimise IHT is something that many put off until it is too late and early attention to this tax is almost always worthwhile. A gift made more than seven years before death will not usually attract any IHT so that an amount up to the nil rate band could be given away every seven years without any tax arising.

In general it helps to ensure that spouses or partners can each make use of the nil rate band. It is usually beneficial for estates to be equalised and between husband and wife or civil partners, transfers are exempt from IHT so there is no barrier to achieving this.

#### Discretionary will trusts

Where available funds preclude large lifetime transfers, discretionary will trusts may enable utilisation of the nil rate band on each spouse's death. Where the family home is the main asset, it may still be possible to achieve this but this is a complex area and specialist advice will be required.

#### Lifetime giving

Making regular use of the lifetime exemptions can help to pass on significant sums free of IHT. Individuals may give away up to £3,000 per annum and, in addition, make small gifts of up to £250 per donee. There are also exemptions for wedding gifts.



#### Gifts out of income

Another valuable exemption, often overlooked, is gifts out of income. Put simply, normal expenditure out of current income (not savings of accumulated income) which leaves the donor able to maintain their standard of living will usually be exempt from IHT.

Please talk to us for further advice on these and other IHT planning steps.

### Pensions: present perfect, future tense?



It seems that pensions regulations, both private and state, are changing all the time. It was not long ago that stakeholder pensions were introduced. More recently, A-day brought further changes. In May 2006, a White Paper contained further proposals for change...

#### Private saving

The White Paper aims to encourage personal saving for retirement with a low cost savings scheme in which all employees would be enrolled unless they were members of an employer's pension scheme.

Employees would contribute 4% of earnings between approximately £5,000 and £33,000 and employers would pay 3% on the same band of earnings. A further 1% would be added from the employee's basic rate tax relief. Some employees would receive higher rate tax relief as well.

Those not in employment would be able to opt in to the personal accounts scheme.

#### State pensions - the future

The White Paper proposes a rise in the state pension age to 66 over the two years between 2024 and 2026 and then from 66 to 67 between 2034 and 2036 and then to 68 in 2044 to 2046.

The basic state pension would be re-linked to earnings from 2012 but only if it is affordable at that time. The state second pension would become a simple, flat rate top-up to the basic pension.

#### State pensions - the present

- To receive the full basic pension (currently £87.30) a man must have 44 qualifying years (a year in which basic national insurance (NI) contributions were made) and a woman between 39 and 44 years

- there are special rules for widowed or divorced women and those who have taken time out for child care or who cared for others

- a man may claim the pension at age 65; a woman at age 60 if born before 6 April 1950, 65 if born after 5 April 1955 and between 60 and 65 otherwise

- a state second pension is payable depending upon the level of earnings over a person's working life.

#### Pension forecast

Anyone can request a pension forecast. This can be done by telephone (0845 3000 168), by downloading form BR19 from the pension service website [www.thepensionservice.gov.uk](http://www.thepensionservice.gov.uk) or online at the same web address.

This will show the amount of pension payable assuming the current NI record continues at the same rate, advise the contributions payable to cover any missed years and indicate how much the pension will be if these payments are made.

Payment of these 'missing' contributions is voluntary but may be worthwhile based on average life expectancy. This can be complicated and you may need to contact us for advice.

The payment of contributions for missing years must be made within six years of the end of the qualifying year for which they were due so it is sensible to obtain a regular pension forecast.

### Warning To Contractors Of Impending Tax Change

As a result of draft legislation, freelance workers who supply services through a managed services company (MSC) will need to change how they do business or face higher taxes.

By enforcing the taxation changes, the Treasury aims to clamp down on what it refers to as 'disguised employment' by contractors using MSCs to avoid paying the level of National Insurance Contributions (NICs) and PAYE paid by those in full time employment.

MSCs are intermediary companies through which the services of a contractor are provided to a client and the contractor is paid a combination of wages and dividends. From April, contractors working in sectors including IT, construction and engineering, and who operate through a MSC are required to pay NICs and PAYE on the full combined wage and dividend payment that they receive.

The Treasury estimates that it will be able to recover £350m through

the changes, which will affect over 250,000 workers.

Partner Howard Richardson comments,

'In light of the new legislation we would urge contractors using MSCs to seek professional advice and consider alternatives to a MSC.'

### Meet the people



#### Howard Richardson

#### Practice Areas:

Owner managed businesses & "Not for Profit" sector

Partner Howard has lived all his life in the Bradford area.

Having trained with a Chartered Accountancy practice in Bradford, he spent several years working for two mail order companies in Bradford and Manchester. His responsibilities at those companies covered a wider range than accountancy

and included at various times responsibility for upgrading operational procedures, running a sales force of some 300 people, stock control and reduction in stock holding levels. This gave broad experience of commercial life outside the profession.

Howard set up his own accountancy practice in 1982 which merged with Naylor Wintersgill in 2001.

His client portfolio consists largely of owner managed businesses of all types and size, but also encompasses the "not for profit" sector including Charities, Credit Unions and social enterprise organisations.

For more information contact Howard on 01274 733184 or email: [howardr@naylorwintersgill.co.uk](mailto:howardr@naylorwintersgill.co.uk)



#### Carol Dovener

#### Practice Areas:

Charities & "Not for Profit" sector

Accountant Carol has worked for twenty years in accounting practice and has

extensive experience of preparing and auditing accounts for the charity and "not for profit" sector as well as for commercial businesses.

She spent two years, from August 2002 to August 2004, working as Finance Officer for a supported housing project in Bradford. Her responsibilities in this role included reporting to funding bodies, applying for funding as well as preparing

budgets and management accounts for the management committee and the project manager. She was also involved in updating employment policies and practices within the organisation.

During this time she was co-opted onto the management committee of a similar supported housing project who requested her assistance with finance issues which they faced.

Since returning to Naylor Wintersgill she has built on this experience to give a more comprehensive service to the "not for profit" sector.

She has also been the treasurer on the management committee of a local charity since April 2005.

For more information contact Carol on 01274 733184 or email: [carold@naylorwintersgill.co.uk](mailto:carold@naylorwintersgill.co.uk)

## 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

