



Alan Wintersgill - Managing Partner

### Welcome to our Spring edition of NewsWire.

I am pleased to announce that with effect from 1 January of this year we have merged with Dixon & Company. They have been working alongside us for a while here at Carlton House and it seems logical that our two firms should merge. Their clients will be able to benefit from access to specialist taxation, IT and corporate services.

I have great respect for Malcolm Dixon and his team. I strongly believe our departments will be strengthened with their expertise and knowledge. Our common aim is to help all our clients grow and their businesses prosper.

I am also pleased to announce that Gavin Lamb and Philip Venter have become associates with the firm. They have worked at Naylor Wintersgill for 12 and 6 years respectively and are both thoroughly deserving of this promotion.

This year marks our first "Trainee of the Year" award, presented to Darren Hindle. Congratulations to Darren.

*Alan Wintersgill*

## Capital Gains Tax

### Annual exemption

The annual exemption for individuals has been increased to £9,600 for 2008/09 (2007/08: £9,200).

### Major reform of the tax

As announced in the Pre-Budget Report in October, the following major changes will take effect for disposals on or after 6 April 2008:

- Abolition of taper relief, which since 1998 has reduced the chargeable gain based on the length of ownership and has reduced the effective rate of tax on business assets to 10%.
- Abolition of indexation allowance, which had previously been frozen at the April 1998 figure.
- Introduction of a single flat rate of 18% to replace taper relief, indexation allowance and the charging of gains at the taxpayer's marginal rate of income tax (10%, 20% or 40%).

• Changes to the tax treatment of assets which have been owned since before 31 March 1982 – in future, only the market value at 31 March 1982 will be used to compute gains, and the original cost will be ignored.

A number of plans have been put forward as ways of preserving the benefit of some of the reliefs before they are abolished. The Budget did not include any measures to close this planning down.

The changes will allow a very significant simplification of the rules for computing gains on shares and securities. In most cases shares in the same company will be "pooled together" and treated as a single asset from which disposals are taken at average cost.

Many other aspects of CGT – for example, the exemption of the only or main residence and the deferral of gains using reinvestment in Enterprise Investment Scheme – remain unchanged. The taxation of gains of companies is also unaffected, as they pay corporation tax rather than CGT.

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## Dixon & Company

### Malcolm Dixon

Malcolm has 40 years experience in the accountancy profession, qualifying in 1968. He has gained commercial experience in small, medium and large practices in the Bradford / Keighley area. He works with a wide range of clients, ranging from professionals (solicitors, doctors, dentists) to medium sized family businesses, from pop groups to charitable societies and sports clubs.

### Mary Wilkinson

Prior to working for Dixon & Company Mary gained 13 years experience with HM Revenue & Customs and also worked for various Chartered Accountants in the Bradford Area in the Personal Taxation Departments.

### Angie Leach

Angie worked at Dixon & Company for 17 years. She has experience in accountancy administration and secretarial work and is looking forward to the challenge of working in a larger company environment.



Left to right: Mary Wilkinson, Malcolm Dixon and Angie Leach



## New associates on board

Gavin Lamb joined the firm in September 1996. He commenced studying AAT and then went on to qualify as a Chartered Accountant in September 2003.

Philip Venter trained with PricewaterhouseCoopers in Johannesburg South Africa from 1998 to 2001. In 2001 he moved to England and joined Naylor Wintersgill in April 2002. He qualified as a Chartered Accountant in South Africa in 2004 and is a member of the South African Institute of Chartered Accountants.

They hope to establish a client portfolio with clients in a wide



Gavin Lamb and Philip Venter

range of industries in order to further their careers as general practitioners helping owner managed businesses to thrive in today's competitive commercial market.

## Capital Allowances

There will be major changes to capital allowances with effect from 6 April 2008 (unincorporated businesses) or 1 April 2008 (companies).

In summary:

- All businesses will receive an "annual investment allowance" (AIA) of £50,000 a year. Purchases of plant and machinery of up to this figure will enjoy a 100% tax deduction. This will provide a proportionately greater benefit for smaller businesses.
  - The writing down allowances (WDA) on plant and machinery will fall from 25% to 20%.
  - In accounting periods starting on or after 1 April 2008, small pools of unrelieved expenditure of up to £1,000 can be written off immediately.
  - The WDA on long-life assets will rise from 6% to 10%.
  - A new class of capital allowance asset, "features integral to a building", will qualify for 10% WDA.
  - The allowances for industrial buildings, agricultural buildings and hotels will be phased out: the WDA will fall from 4% to 3% on 1 April 2008, then to 2% on 1 April 2009, 1% on 1 April 2010 and nil from 1 April 2011. Enterprise zone allowances will also be phased out by 2011.
  - Where an accounting period straddles the date on which the rules change, the capital allowances computation will be complex, combining the different rates and rules.
- There will also be changes to capital allowances on cars in 2009, reducing the WDA on cars with a CO2 rating of 160g/km or more to 10%.

## Trainee of the Year Award



Darren Hindle, 18, of Wibsey is winner of the inaugural 'Trainee of the Year' Award, receiving a prize of £500.

This new, annual award has been established to recognise performance excellence in the areas of work quality, college, exams and work ethic.

Darren joined the firm in September 2005 and began studying for his Association of Accounting Technicians qualification (AAT). Having recently achieved this he now aims to begin studying for his Chartered Accountancy examinations in August.

Vicky Fryer, Partner, comments, 'We are very proud of our training record and have seen over 9 employees receive their AAT qualifications over the past 11 years.'

The idea behind the 'Trainee of the Year' is not just to incentivise our students, but to reward them for their approach to work and study over a 12 month period. We are very pleased with Darren's application and attitude and are confident that he will go on to achieve qualification as a Chartered Accountant.'

BUDGET NEWS ■ BUDGET NEWS ■ BUDGET NEWS



### Income split between husband and wife

After the House of Lords ruled in 2007 that the Revenue could not attack a tax efficient split of income between a husband and wife owning a small company together (the case of Garnett v Jones, also known as "Arctic Systems") the Government announced that the law would be changed to make sure that married couples in this situation "paid their fair share of tax".

Detailed proposals were published in December 2007 to reverse the benefit of "uncommercial income shifting" for tax. The Government appears to have heeded the criticism that the proposals would have made self-assessment impossible and has decided to defer any changes until April 2009.

### Remittance basis for foreign domiciled people

In the October Pre-Budget Report, Mr Darling announced a new measure to restrict the tax advantages of foreign domiciled people living in the UK for the long term. Foreign domiciled people are allowed to pay tax on their overseas income and capital gains only if and when they bring the money into the UK – known as the "remittance basis of taxation".

As announced in October, a number of significant changes will be made from 6 April 2008. The most striking is the imposition of a flat rate £30,000 charge on those who choose to be taxed on remittances after being UK resident for 7 years. This will not apply to anyone who opts to be taxed on foreign income as it arises, or to someone with no more than £2,000 in overseas income and gains.



### Corporation Tax Research and development

The enhanced tax relief for expenditure on research and development will increase to 175% (small/medium) and 130% (large companies) once European State Aid approval is granted.

### Value Added Tax Correction of VAT errors

If a trader discovers errors in VAT accounting of more than £2,000, it is currently necessary to notify HM Revenue & Customs in order to correct them. Smaller errors can be adjusted in the VAT return without separate disclosure. From 1 July 2008, the limit will rise to the greater of £10,000 or 1% of turnover disclosed on the return in Box 6. Errors corrected in this way do not create a liability to interest.



## Capital Gains Tax (continued from front page)

### Entrepreneurs' Relief

A new relief will be introduced for disposals after 5 April 2008 to compensate some of those who would have enjoyed an effective rate of CGT of 10% under the taper relief regime for business assets. The main rules are:

- The asset disposed of must be a business or an interest in a business, shares in a company for which the individual works and owns at least 5%,

or related assets owned outside such a business or company and disposed of at the same time.

- The assets must have been owned for at least a year.
- An individual will have a lifetime allowance of gains of up to £1m which will be eligible for the relief - the limit will be applied cumulatively to successive disposals.

The relief will operate by reducing the chargeable gain by 4/9, to achieve an effective rate of tax from 18% to 10%.

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

This letter should be construed as advice. You should contact Naylor Wintersgill if you need advice on any specific accountancy issue.

CONTACT US TO TALK ABOUT OUR WEALTH MANAGEMENT SYSTEM.

### Meet the people Tax Department



Left to right: Zubbia Amir, Richard Wolk, Mary Wilkinson, Vaughan Houldsworth and Maria Petty.

### Vaughan Houldsworth Tax Partner

FCA qualified.

Vaughan has been a partner at Naylor Wintersgill since July 1992.

Vaughan heads the tax department, providing tax planning advice. In addition, he retains his own portfolio of general practice clients dealing with their accounts, taxation and wealth management.

Vaughan also deals with various clients in the medical sector such as doctors, dentists and pharmacists.

### Richard Wolk Tax Manager

ATT qualified (Association of Taxation Technicians)

Richard has worked at Naylor Wintersgill for over 4 years. He was previously employed as an Inland Revenue Officer.

He has passed 3 out of the 4 tax examinations required for the Chartered Tax Advisor qualification (final one to be taken in May).

### Maria Petty

ACA qualified

Maria has worked at Naylor Wintersgill for 14 ½ years.

Maria works in the tax department, but also prepares accounts for clients, including doctors and trusts.

### Zubbia Amir

ATT qualified.

Zubbia has worked at the firm for 3 ½ years.

Prior to working for Naylor Wintersgill Zubbia had commenced studying for her Association of Accounting Technician (AAT) exams but found she enjoyed Tax more than Accountancy. She began to study for and obtained her ATT qualification in January this year and will commence her CTA studies shortly in time for the May 2009 examinations.

### Mary Wilkinson

Mary joined the tax department on 1st January this year when Dixon & Company were merged into Naylor Wintersgill.

She had previously worked for the Inland Revenue.

Her areas of expertise include both tax planning and compliance work.

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

