

NEW CIS RULES R US

Businesses regulated by the Construction Industry Scheme ('CIS') will have to comply with new rules from 6 April 2007.

The familiar system of certificates, vouchers and annual returns is to be replaced by a monthly return procedure.

Some of the key points to be aware of include:

- Contractors can continue to make gross payments to sub-contractors they already engage on this basis
- The standard tax deduction for payments to other sub-contractors will be at 20% rather than 18%
- For new sub-contractors, the contractor has to contact the Revenue ('HMRC') for the correct tax deduction rate to apply; if HMRC cannot trace the sub-contractor on their system, the tax rate will be 30% until the sub-contractor satisfies HMRC's requirements.
- Contractors have to file monthly returns of payments made to sub-contractors with HMRC; there will be penalties for late-filed returns
- Tax deductions are paid over monthly by contractors unless the average monthly amount is under £1,500 when it can be paid quarterly
- The monthly return requires the contractor to complete a status declaration, confirming that all sub-contractors used are self-employed; this is potentially a big risk area if the status position of workers is later challenged by HMRC and care is required before signing off these declarations
- Sub-contractors need to ensure their tax affairs are in order and up-to-date with HMRC, both to avoid the 30% tax deduction rate and if they wish to apply for gross payments from contractors
- To help claim back any tax refund at the end of the year, sub-contractors need to retain the monthly payment summary they will receive from each contractor they work for

Please contact Michael Bland for further details



"He's going to ask for an increase in his salary today"

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The contents of this newsletter are for guidance only, and were factually correct at the time of going to press. No responsibility can be accepted for any action taken without prior consultation.



Spread the word

If you know any friends or contacts who might benefit from our services, please ask them to call us. We will be very happy to meet and discuss their requirements with them on a free and no-obligation basis, to see if we can help.

MARCH 2007

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PRECIS

THE W&S CLIENT BRIEFING



New Year Resolutions

Here we are in early 2007 and another tax year-end is upon us. Besides maximising the available tax-saving opportunities, why not also undertake the personal financial planning that you keep promising to do?

Some ideas to consider include:

- Arranging your assets and investments and using gifts (to spouses, from grandparents to grandchildren and so on) to use up personal tax allowances and lower rate tax bands for you and your family.
- Realising tax-free capital gains up to the current limit of £8,800 p.a. per person. This can be achieved not just by sales but also by gifts of all or part of an asset to family members in conjunction with estate planning or as part of an income tax planning exercise.
- Making inheritance tax-free gifts of £3,000 p.a. per donor (plus last year's £3,000 if unused). Remember both spouses can benefit separately.

- Investing your ISA allowance of up to £7,000 p.a. in tax-free funds (or £3,000 p.a. for cash-only ISA'S) for both spouses.
- After organising your own pension contributions, consider using up the annual allowance of £3,600 (premium cost of £2,808 after basic rate tax relief) for stakeholder pension contributions for non-earning spouses and children/grandchildren. Remember that it is no longer possible to relate contributions back to earlier years. They now only qualify for relief in the tax year in which they are paid.
- Creating a will, or ensuring your existing one is still appropriate and tax-efficient.

- Talking to your solicitor about Enduring Powers of Attorney and the new Lasting Powers of Attorney.
- Reviewing family trust arrangements prior to the new tax rules coming into force on 6 April 2008.

Please contact **Colin Barratt** for further details.



"This may hurt a little."

Payroll Blues?

If processing your payroll and preparing year-end returns is taking up too much time, or causing problems, why not let the W&S Payroll Team help you?

How it Works

You provide details of:

- each employee's weekly or monthly gross pay
- any changes in PAYE codes or other details
- benefits or expense payments chargeable to PAYE/NI

We will:

- calculate each employee's weekly or monthly net pay
- calculate the monthly or quarterly PAYE/NI payment
- provide computer-generated employee payslips, plus a payment schedule for your use
- handle SSP/SMP/Tax Credit calculations, student loan deductions, attachment of earnings, P45s etc.

- prepare the annual employer and employee PAYE returns
- take care of on-line filing to secure your tax-free rebate from the Revenue

What It Costs

We offer a fixed price fee payable by monthly standing order. This depends primarily on the frequency of your payroll and the number of employees you have during a year.

Other Services

We can also help you with:

- Advice on the taxation of lump sum payments.
- Preparation of PIIDs.
- Calculation of Class 1A NI on all taxable benefits.

- Obtaining an expenses dispensation from the Revenue.
- Agreeing a PAYE settlement arrangement with the Revenue.
- Carrying out a PAYE/NI healthcheck on your procedures.

Please contact **Am Hayer** for further details.



"Your salary increase will become effective as soon as you do."

Not a lot of people know that

How much do you really know about the financial performance of your business?

To properly understand the dynamics of your business, and consequently what refinements are needed to improve things, you need timely, accurate and relevant information. Waiting for your annual accounts six months after the year-end is far too late for business-planning to be effective.

A sensible monthly reporting package for an owner-managed business would include:

- Trading account and balance sheet to summarise the month's results
- Similar year-to-date figures
- Comparative figures for the previous year
- Comparison with budget and variance analysis
- Aged debtor and creditor listings to show trade receivables and payables balances
- Stock report, where applicable
- Summary of the key performance indicators ('KPIs')

If all this sounds a long way from where you are at present, it might be time to review your management reporting systems. The leading software providers such as Sage, Pegasus, Quickbooks and so on all offer these types of report as part of their standard packages. Some

time and money spent on getting a good system in place could well be one of the best investments you make.

However, to get full value, you then need to actually analyse and use the available information. This is where the KPIs kick in. Your business might have, for example, half a dozen major drivers within it and which need to be monitored. These are essentially the

factors that have the greatest influence on business performance. Optimising these will lead to better results and vice versa. Common examples of KPIs are the margin made on products sold, the efficiency of staff, the rate of stock turnover and the speed at which customers pay your invoices.

Please contact **David Butterworth** for further details.



"Mr. Robinson, I've just reviewed your week's output. Are you full or part-time?"