

WILKINSON & PARTNERS LIMITED

ACCOUNTANTS

Newsletter Spring 2007

Budget News

Gordon Brown has delivered what is expected to be his final budget and it seems he did not waste the opportunity for a few headline grabbing announcements. There were a large number of changes in the budget and the following are just a few.



Personal tax

The big announcement was the reduction in the basic rate of income tax to 20%. But is this really as good as it seems? The reduction will not take effect until April 2008 and will coincide with the removal of the 10% starting rate and for some it could result in an increase in their tax. Whilst there will be a welcome increase in the higher rate threshold, this will to a certain extent be countered by an increase in the national insurance threshold.

Plans have been announced for significant increases in the personal allowances for the elderly, but again this will not be until 2008.

Business tax

There is a headline grabbing reduction in the rate of corporation tax from 30% to 28%, but again this is not being introduced until 2008 and most companies do not pay tax at this full rate and instead pay at the small companies rate. These small companies have in the past been taxed at 19%, but this is due to rise to 22%. Although the increase will be phased in over a three year period, the first increase to 20% will come into force this April. Not many years ago the government was encouraging business to incorporate by offering much lower tax levels, but now it seems the reverse applies. For the many companies that have incorporated in the past, and for those that continue to do so, trading through a company is likely to remain advantageous. If you would like to know how this tax increase is likely to effect your company then please let us know. There are also to be changes in the way that tax relief is given on assets bought by the business and yet again there are likely to be winners and losers.

Tax return deadlines

As from 2008 the time limit for the manual submission of self assessment tax returns is to change to 31 October, although where the tax return is to be filed via the internet then the deadline will be 31 January as before. Last year we introduced electronic filing of returns and therefore it is hoped that you will not need to be concerned with the shortened deadline.

Other matters

We will be monitoring the various other proposals announced in the budget and will write to you separately where we believe that the changes will be relevant to you.

If you have any concerns regarding any of the budget announcements then please let us know.

Do you use a company Van?



If you or your employees have personal use of a company van then you need to be aware of the increase in benefit charges that apply from April.

For many, van benefit charges no longer apply, as their use of the van amounts to no more than business travel and commuting. If however there was private use, then the benefit was at most £500 per year. From April, this charge will increase to £3,500 and if you are unsure whether the increase will affect you or your business then please let us know.

New CIS—Are you ready?

The new construction industry rules will come into force on 6 April. If you are a Contractor or Subcontractor and are unsure how the changes may affect you then please contact us.

It does not seem to have been well advertised, but the 18% tax deduction will raise to 20% in April.



Firm News

Wilkinson & Partners are pleased to announce that Phil has been appointed a Director of the company and will be working with both Ann & Rachel to help develop the practice. Many clients have already spoken with or met Phil, but if you have not yet had any dealings with him, Phil will be responsible for the tax side of the firm. Phil, who is a member of the Chartered Institute of Taxation originally joined us as our tax manager last summer and has over 25 years experience in taxation.

We now have our own website at www.wilkinsonpartners.co.uk where you can find copies of this and other newsletters together with factsheets detailing some of the tax rates and allowances. It is hoped to develop the website in the future and add further items of interest.

Inheritance tax & Will planning

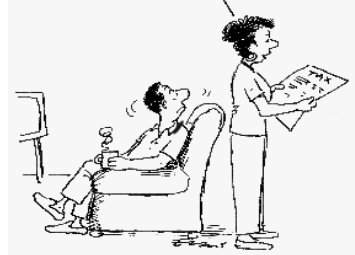
We have in the past been able to offer inheritance tax advice and many clients have already taken advantage of this service. We were however aware that this service was slightly limited in that if your Will required updating then you would need to see a Will Writer or Solicitor to draft the Will, which would not only involve you in extra time, but also extra expense as you would need to seek advice from another adviser and be asked the same questions again.

We are therefore pleased to announce that we are now able to offer a Will drafting service in house. In addition to being a Chartered Tax Adviser, Phil is also a member of the Society of Will Writers and is therefore able to not only advise on inheritance tax planning but also prepare a tax efficient Will without the need to see additional advisers.

Even if you are not concerned by inheritance tax, it is important that you have an up to date Will. Should you die without a Will then the Law will determine who benefits from your estate and this could differ considerably from what you might expect. For example, if you are married then you cannot rely on all of your estate passing to your Spouse!

If you would like any advice in this area then please give Phil a call.

If I die you'll have to live in a tent!



Companies House



As from 1 January 2007, all UK companies must include certain information on documentation and their websites and email footers or they will breach the Companies Act and risk a fine. Under the Act, every business must list its company registration number, place of registration, and registered office address on its website. This information should also appear on order forms and in emails.

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