

business services
strathmore

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Welcome to your January 2013 newsletter. With the Chancellor's Autumn Statement now delivered, we recap the measures affecting businesses. Was your high street lit up this Christmas? We look at a campaign to 'save our Christmas' amid council budget cuts and find some money-raising inspiration for Christmas 2013. We also summarise the penalties for late Real Time Information (RTI) payments, announced this month by HMRC. Finally, the high income child benefit charge applies from 7 January 2013. Find out what to do if you missed the deadline for opting out of the benefit.

Autumn Statement 2012

Chancellor George Osborne delivered his 2012 Autumn Statement on 5 December, as the Office for Budget Responsibility said it expected the UK economy to contract by 0.1 per cent in 2012. The Chancellor outlined a raft of measures designed to curtail public spending and kick-start growth.

Some of the key announcements for businesses were:

- **Corporation tax:** the main rate of corporation tax will be reduced to 21 per cent from April 2014.
- **Capital allowances:** from 1 January 2013, the Annual Investment Allowance (AIA) for plant and machinery will increase ten-fold from £25,000 to £250,000 for two years.
- **Small Business Rate Relief:** the temporary doubling of the Small Business Rate Relief scheme has been extended until April 2014.
- **Property rates:** subject to state aid approval, an exemption from empty property rates will be available for 18 months on all newly-built commercial properties completed between 1 October 2013 and 30 September 2016.
- **Cash basis of accounting:** the new cash basis for small, unincorporated businesses with receipts of up to £77,000 to calculate their tax will be introduced as planned from April 2013. The use of flat rates to calculate some expenses will also be introduced.
- **Employee share ownership:** the Government will go ahead with proposals to provide shares to employees in return for giving up employment rights, as planned from 6 April 2013.
- **Company cars and vans:** the car fuel benefit charge multiplier will increase from £20,200 to £21,100 in 2013/14. The van fuel benefit charge will increase from £550 to £564.
- **Support for exporters:** the Government will set up a scheme to provide up to £1.5 billion of loans for the purchase of UK exports when there is no other suitable finance available.
- **Business Bank:** the state-backed Business Bank will receive an extra £1 billion of capital to encourage lending to SMEs.
- **Business Growth Fund:** the £2.5 billion Business Growth Fund is budgeting to substantially increase its level of investment to £200 million in 2013.
- **Start-up loans:** the Government will provide £72 million of follow-on funding for start-up loans.

A vital part of our role is to make sure that you are keeping your tax liability to a minimum. Please do not hesitate to contact us if you would like to discuss any areas of tax planning.

Christmas lights campaign to brighten the high street's finances

With local government budgets under increasing constraint, many councils withdrew funding for their 2012 Christmas lights in a bid to cut costs. But festive illuminations can be important for drawing trade onto the high street and customers into the shops.

The Federation for Small Businesses (FSB) launched a campaign in December to 'save our Christmas lights', in an effort to reverse the trend of decline along Britain's high streets and ensure that businesses benefited from the lucrative Christmas period.

The FSB celebrated the efforts of small businesses in:

- Monton, Manchester – who planned ahead by holding a summer fair to fund their Christmas lights
- Tewkesbury, Gloucestershire – who together raised £1,000 to pay for lights after their council funding was removed

The 'Save our Christmas' campaign called on other small firms to post photos of their business dressed for the festive period on social media sites.

How did your high street fare this Christmas? Did your local council withdraw its funding? Be inspired by the businesses of Monton and Tewkesbury and plan ahead to avoid being left in the dark during Christmas 2013.

Real Time Information (RTI) late payment penalties

Details of the penalties for late and inaccurate returns submitted via the new Real Time Information (RTI) system have been published by HMRC. The majority of employers will begin using RTI from April 2013, with larger employers required to follow by October 2013.

Under RTI rules, almost all businesses and pension providers are required to report their employee's PAYE payments online on or before each pay day, as opposed to at the end of each tax year.

According to the HMRC guidance:

- Penalties for late in-year Full Payment Submissions (FPS) will not begin until April 2014. The current penalty process will continue to apply at the year end, with a penalty issued if the relevant information is not up to date by 19 May. Letters will be issued to employers from October 2013 to ensure they understand they would have been liable to a penalty.
- Automated late payment penalties will not begin until April 2014.
- No penalties for inaccurate in-year FPS will be charged for the 2012-13 tax year.
- Penalties may be charged after the end of the tax year based on final FPS for the year.
- Inaccurate FPSs for the 2012-13 tax year may incur in-year penalties.

Are you ready for the switch to RTI? We can help with payroll issues and RTI compliance, please talk to us to find out more.

YOUR MONEY

Child benefit changes in force from 7 January 2013

In December, HMRC issued a further reminder to the 1.2 million high-earning households that it estimates will be affected by the January 2013 child benefit changes. The high-income child benefit charge (HICBC) applies to those earning more than £50,000 a year, with a one per cent charge on the benefit paid for every £100 of income over this threshold. Households with an individual earning £60,000 or more will have the benefit withdrawn completely.

Those liable to pay the new HICBC were asked to choose whether to keep receiving benefit and pay the charge through self-assessment, or to stop receiving the benefit altogether. Households opting out of child benefit payments completely will have to tell

the relevant authorities before the 7 January deadline. It's important, however, to find out if your child benefit payments would still be above the HICBC – or you could lose out on benefits you are entitled to. If you are liable for the change and decide to keep receiving the benefit, you will need to fill in a tax return and register for self-assessment.

We can help work out your HICBC charge and help complete self-assessments. We can also look at ways to legitimately reduce adjusted net incomes to lessen HICBC liabilities, such as paying more into a company pension scheme, salary sacrifice or through charitable donations.

January's Money Facts

Current bank rate	0.5%
Quantitative Easing total	£375 billion
Current inflation	2.7%

Save the date - 31 January 2013: Self-assessment deadline

Time is running out if you haven't thought about filing your self-assessment tax returns. The deadline for paying any tax you owe for the financial year 2011/12 is 31 January 2013, with registration for the online service closing on 21 January 2013. Paper tax returns must have been completed by 31 October 2012 – if you have missed this deadline you can still submit an online return instead. Assessments received after the deadline will be subject to HMRC penalties.

We can help with self-assessment. Talk to us to find out more.