

Welcome to our October Newsletter

Well we've had a busy month, so much so that we forgot to tell you that our accounts manager Brian Carter celebrated his 30th birthday in August!! We are so sorry Brian, but are sure all our clients wish you well in your new decade!

At the end of September Kirsty and Jess made the decision to raise money whilst getting healthier and agreed to drink only water for ten days. Yes, that's no coffee or tea – unimaginable! Well they succeeded but are still accepting donations to their Just Giving page <https://www.justgiving.com/teams/kirstyandjessh2o> in aid of RNLI. Well done girls!

On another charitable note, the team raised raised £30.35 for Cancerwise wearing Jeans to work for Genes for Jeans day.

In other news, Jess and I were on hand to meet our current and prospective clients at the Isle of Wight Chamber of Commerce Exhibition at the Lakeside Park Hotel on 20th and 21st September. It was a great opportunity to network and show support for local businesses.

Finally, we would like to introduce our new practice co-ordinator, Julie Saunders to you and officially welcome her to the team.



Julie Saunders

Michelle

Quote of the Month

A wise person does at once, what a fool does at last.
Both do the same things; just at different time.

Sir John Dalberg-Acton



Book of the Month

Brilliant Time Management
By Mike Clayton

Whether it's getting on top of your workload, finding the time to start something new or simply making more time to relax, *Brilliant Time Management* will help you to get there. Based on over 20 years of managing time effectively, Mike Clayton shares with you winning principles that helped him launch two successful businesses, lead and manage teams of people, juggle a busy family life with a demanding career, and much more. Discover how to take control of your time and achieve more than you ever thought possible – with time to spare!

IMPORTANT DATES TO REMEMBER



PAYE/CIS for month ended 5th October to be paid (by post)

EC Sales lists for September 2016 if submitted online to be filed

PAYE/CIS for month ended 5th October to be paid (electronically)

Filing of Accounts year ended 31st January 2016

Payment of Corporation Tax for period ended 31st January 2016

19th October

21st October

22nd October

31st October

1st November

IMPORTANT RATES

\$ PER £ = 1.297 / € PER £ = 1.15

October Quiz

Win a copy of our Book of the Month

Q. I purchased four items, three of which cost the following:

£1.50, £3.00, £4.00

I found out that the four prices of the four items I purchased added to the same number as I got when I multiplied the four prices together.

What was the price of the fourth item?

Answer to September's Quiz

888+88+8+8+8

=1000

Congratulations to our winner, Pauline Searle

Enter via email:

info@jamestoddandco.co.uk

DON'T FORGET – FEE INSURANCE RENEWAL, IT'S NOT TOO LATE!!

We encourage all clients to take out Fee Insurance as if the HMRC select you or your business for an enquiry, even if nothing is found to be wrong, the enquiry can take up a considerable amount of time. The insurance also covers PAYE and VAT compliance visits; so we can attend and deal with HMRC for you. Just like any insurance you hope you won't have to use it however why take the chance?

Excel Top Tip

Display Formulas Instead of Results

A single keystroke lets you toggle between Excel's normal display, which shows the results of the formulas in the spreadsheet, and a display mode that shows the actual formulas.

The keystroke is:

Ctrl + '



Pension auto-enrolment: don't pay the price for non-compliance

As pension auto-enrolment enters a critical stage, thousands of small and micro businesses will now be thinking about their employer duties. With enforcement action for non-compliance on the rise, employers should ensure that they fully understand their new responsibilities.

What is automatic enrolment?

Under the Pensions Act 2008, employers are required to automatically enrol eligible workers into a qualifying workplace pension scheme and pay a minimum contribution into the fund. Eligible workers are those aged between 22 years and the State Pension Age who have qualifying earnings above the earnings trigger for automatic enrolment (£10,000 for 2016/17).

When do I need to act?

Every employer is allocated a 'staging date' - this is the date when auto-enrolment duties will apply.

Deadlines for auto-enrolment have been coming into force gradually since 2012, starting with the largest businesses. Enrolment for small businesses (with five to 49 employees) and micro-enterprises (one to four employees) is still ongoing, and these groups will have a staging date between 2015 and 2018. Employers can find out their staging date on the Pension Regulator's website:

<http://www.thepensionsregulator.gov.uk/employers/staging-date.aspx>

As part of their legal duties, employers are required to complete a Declaration of Compliance, even if they do not have any workers that are eligible for auto-enrolment. Failure to do so could result in a penalty.

What are the penalties for non-compliance?

The penalties for non-compliance include a Fixed Penalty Notice of £400, and statutory notices with a prescribed daily rate of £50 to £10,000, depending on how many individuals a business employs. For further advice on auto-enrolment and how to avoid penalties, please contact us.

HMRC texts warnings to taxpayers



HMRC has started to send out text messages to taxpayers warning that they are being "monitored" to ensure they pay on time. More than 13,000 self-

assessment taxpayers have taken part in trials, which have seen them sent SMS messages. The taxpayers, who had previously been contacted by HMRC about their debt, received three types of message from the Government's "Nudge" unit or Behavioural Insights Team. The 'standard' SMS message alerted the recipient to the debt and told them how to pay, while the 'monitoring' message pointed out that HMRC would be monitoring whether the debt was paid in the following week. The 'penalties' message included the phrase, 'Most people pay on time to avoid penalties'. HMRC reported that sending out the 'monitoring' message raised payment rates by 3.8 percentage points, and the 'penalties' message by 7 percentage points, or 20% in relative terms. The Revenue says it has gained an extra £210m from taxpayers by using 'nudge' tactics that predict how people will respond to official communications and encourage them to make the 'right' response. However, Anita Monteith, senior tax policy adviser at the ICAEW, warned that ordinary taxpayers could become needlessly alarmed by the messages.

Source: *The Daily Telegraph* (15/09/2016)

The Bottom Line – Extracts from Money Week

- £3,400 – The daily fee charged by the owner of Welford Park to the makers of The Great British Bake Off, which is filmed in the gardens.
- 18 – The percentage of people who earn over £40,000 a year and drink alcohol at least five days a week, compared with 8% for those earning under £10,000 annually.
- £1.1bn – The value of coffee sales in Britain, which rose by 3.2% in the 12 months to May. By comparison, 64 million fewer cups of tea were drunk compared with the year before with sales totaling just £620m, according to analyst Kantar.
- £150m – How much Sony is reportedly prepared to pay actor Daniel Craig to reprise the role of 007 for the next two James Bond films. Craig is thought to have earned \$65m for playing Bond in last year's Spectre.
- £826,323 – what the average British household on a gross income of £41,027 will pay in taxes over a life time of 44 years, says The Times, including £287,963 in income tax, £169,371 in VAT, £04,045 in national insurance and £65,068 in council tax.

Increase to National Minimum Wage Rates – 1st October 2016

National Minimum Wage rates will increase in line with the Low Pay Commission's recommendations:

- Workers aged 21 – 24: £6.95 per hour
- Workers aged 18 - 20: £5.55 per hour
- Workers aged under 18 (who are no longer of compulsory school age) £4.00 per hour
- Apprentices aged under 19 or over 19 in the first year of their apprenticeship: £3.40 per hour.

The National Living Wage, introduced in April 2016, for workers aged 25 or above, is unchanged.

Going forward, changes to the rate of the National Minimum Wage and the National Living Wage will be aligned and increases will take place in April each year.

Check hourly rates for staff to ensure they meet the new minimum amounts. Write to staff to confirm any increase to salary with effect from 1st October 2016 and inform payroll as appropriate.



- what are the likely implications for business?

The new Secretary of State for Exiting the European Union, David Davis, has recently indicated that formal Brexit negotiations could begin by the start of 2017 - so what could this mean for UK businesses?

It is important to note that in the short to medium term (until 2018 at least), there will not be any changes to tax and employment laws as a result of the vote.

VAT

However, once Britain's withdrawal is complete, VAT (which is operated in line with EU law) could be subject to some significant reforms. In theory, the UK could even decide to replace VAT with a sales tax on goods and services, although many experts agree that this is highly unlikely.

The UK currently faces restrictions from the EU over its ability to reduce VAT rates on certain goods and services such as domestic fuel and power. If the UK is no longer obliged to comply with the EU VAT Directive, the UK Government could choose to amend the legislation to apply different rates to goods and services without constraint.

If VAT were to be applied to items that were previously exempt, or if there are changes to the rates of VAT, the financial implications for business could be sizeable. Some commentators have also argued that potential changes to VAT law could lead to more obligations and complexities, and business owners may need to invest time and money adapting their procedures and processes accordingly.

Importing and exporting

The potential restrictions on the free movement of goods between the UK and its EU neighbours could also trigger significant changes to how businesses import and export.

For example, currently when a UK firm buys goods from an EU business it makes an 'acquisition'. The transaction does not result in any VAT being payable - a book entry in a VAT return being the only consequence, unless the UK business makes exempt supplies. However, following Brexit, the transaction is likely to be treated as an 'import' and import VAT would be paid to HMRC at the time of importation. Although this would be reclaimed by the business on the next VAT return (unless the business makes exempt supplies), the changes could have implications for the firm's cash flow.

Business reliefs

Once Britain leaves the EU, the UK Government could have greater control over business reliefs such as R&D tax credits for SMEs, which currently have constraints placed upon them due to EU State Aid rules. Britain may also gain more flexibility over the rules governing the Enterprise Investment Scheme and Venture Capital schemes.

Employment laws

With much employment legislation derived from Brussels, concerns have been raised over whether this is another area that could be open to reform. However, while the UK Government could choose to amend working rights, many experts have suggested that significant reforms are unlikely.

Other regulations

In a recent blog on the Conservative Home website, David Davis suggested that he will seek to cut red tape with the aim of making 'Britain a better place to do business'. He claimed the 'regulation already in place will stay for the moment,' but he added that the 'flood of unnecessary market and product regulation' will be halted. With fewer regulations to comply with, this could be good news for business owners.

A new Chancellor, a new economic policy

With a new Prime Minister and Chancellor at the helm, there could be significant changes to Britain's economic and fiscal policies in the months and years ahead.

The Government has already axed its plans to achieve a budget surplus by 2020, while the former Chancellor George Osborne suggested that corporation tax rates could be cut further to encourage investment. Of course, this may now change following the appointment of the new Chancellor, Philip Hammond, although we will have to wait until the Autumn Statement for further details on the Government's latest economic strategy.

The dust may be settling on the EU referendum result, but there is still much that remains unknown about the future of UK tax and employment law. What is clear, however, is that all eyes will be on the new Chancellor when he delivers his Autumn Statement later this year. Whatever happens, we will be happy to advise you on any issues that may arise.

Average family pays over £800K in tax

Research by the TaxPayers' Alliance reveals the average household will pay more than £826,000 tax over a lifetime – the equivalent of more than 20 years' income. The group calculated the direct and indirect taxes paid by a family with average household earnings of £41,027 a year, over a working life of 44 years plus 15 years in retirement. The 2014-15 total came to £826,030, 2.7% higher than the £804,323 for 2013-14. The figure included £287,963 of income tax, £169,371 in VAT and £107,045 in NICs. The analysis also found that the average household in the poorest fifth of society would pay a lifetime tax bill of £319,732, an increase of 2.2% on last year, while an average household in the top 20% would pay £1,686,970, up 4.3%. "With a new administration in place, now is the time to introduce radical reforms to our tax system and spending priorities to ease the pressure on ordinary taxpayers and boost economic growth," said John O'Connell, chief executive of the alliance.

HMRC login password failure

When HMRC updated its login page in July 2016 it changed its system to only accept passwords of



between eight and twelve characters. If the issue affects you all you need to do is type in the first twelve characters of your password.

Is it time to pay your fees?

Why not **smooth** your cash flow and **pay monthly**?



To the valued clients of James Todd & Co, we are pleased to offer the opportunity to apply to use a monthly facility called Fee Plan, provided by Premium Credit Limited.

This facility enables you to spread the cost of your accountancy fees by monthly Direct Debit, which can be a more affordable way to pay. Direct Debit isn't only for household bills; businesses can benefit as well.

Premium Credit can benefit your business by:

- Helping cash flow
- Giving you an additional Line of Credit to free up your capital for other business purposes
- Reducing financial burden
- Offering a competitive transaction fee

Simply contact us for more information on how you can spread the cost to help make 2016 a little more affordable.



Thinking of outsourcing your payroll?

With new legislation, RTI (Real Time Information) and Auto Enrolment coming into force, payroll is becoming more complex and technical and can demand a lot of your time, which may be more productively spent on other areas of the business. By outsourcing the payroll you can provide your company with the attention it deserves, as well as enjoying the protection, knowledge and expertise that an outsourcer can provide. Contact our Payroll Administrator, Lisa Stemp on 01243 534286, who can provide you with a very competitive quote.

Download our Tax App!

Using the latest technology, our App has been developed to provide you with useful tax tools and information via your mobile device. Available for iOS and Android mobile phones and devices. Don't forget to periodically run an update on your App to ensure you have the correct calculations and information.



Chichester



Isle of Wight

Website News and Hot Topics!

Don't forget we have the latest financial news updated daily to our website and you can also keep abreast of our monthly Hot Topics here too! Keep up to date by visiting the News tab on our website.

www.jamestoddandco.co.uk

Links to these news articles are also placed on our Facebook and Twitter feeds so don't forget to join us there too!



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