



Autumn 2006

## What's New at



### New staff

It's all change once again in the bookkeeping department! We have two new starters - Jan Rendall and Joanne Wood, so a hearty official Fox Evans welcome to them. Both will be actively involved in payroll and bookkeeping and are available to help with any bookkeeping problem either temporary or more permanent, on our premises or your own. We also welcome Pat Spall to the accounts department. Pat is currently studying towards her ACCA (Association of Chartered Certified Accountants) qualification. Two other members of staff have progressed to the next level of their studies - Graham Lindsay has passed another set of exams, and has just one case study left before fully qualifying! Paul Cole has completed his AAT exams, and is now embarking on his full ACCA course.

# Help us and our clients become more efficient

Exactly where did the summer go? Wherever it went, it went fast and the daisies certainly didn't grow up under Fox Evans, despite the drought! One or two staff left and several more arrived to help us take on the extra business we've been securing. This, in many cases, is thanks to our clients who refer us on. Our thanks go to those who did.

We are always trying to improve the efficiency and smooth running of our office. However, because a lot of our clients have a March year end some avoidable backlogs are being generated at times.

To try to reduce them, and to improve our efficiency and that of our clients, we are considering introducing a new structured system for scheduling the preparation of year end accounts.

In the coming months, we may be writing to you with details of the month allocated for the production of

your accounts. We will then need your co-operation in bringing in your books and records before the start of your allotted month, and letting us know if there is any problem with that timescale.

The benefits for you are that you know when your accounts are planned to be started and completed; we will not need to retain your books for so long, thus minimising disruption to your business, and you will have a scheduled month for your accounts. If you have any strong views either way then we will naturally be pleased to hear from you.

On personal tax, the powers that be were looking at bringing forward the filing deadline, but now have decided what they want to do, and this remains 31<sup>st</sup> January for online filing. For paper returns the proposed deadline is 31<sup>st</sup> October and this may impact upon those of you who prepare your own returns manually.

## Action point

For those of you who haven't yet brought in your 2005-2006 Personal Tax information, please remember that we must have it by 31<sup>st</sup> October 2006, to guarantee completion of your return by the deadline of 31<sup>st</sup> January 2007. If you are self-employed this means we also need your books and records by the same date.

### New Email

Please note our payroll department has a new email address, inspirationally called [payroll@foxevans.co.uk](mailto:payroll@foxevans.co.uk)



(l to r) Pat Spall, Joanne Wood and Jan Rendall - new staff at Fox Evans

# New tax “Interventions” trialed but co-operation is voluntary

You’ve probably heard of “divine intervention” in your time. Now comes a new kind from the highest deity in the tax world – Her Majesty’s Revenue & Customs is currently trialing what it is calling a new system of “interventions” in a bid to reduce the amount of time spent on formal inquiries. This new initiative has come about as a result of the merger of the Inland Revenue and HM Customs & Excise, and the approach now being adopted is similar to that favoured by HMCE. The Revenue is now keen to get involved, and “help” those individuals who are compliant, or trying to be compliant, while taking a very hard line on those who wilfully ignore their responsibilities. The idea is that in the future the full inquiries will focus on this latter group, into which we are sure none of our clients fall!

With formal tax inquiries, a company has to respond. In contrast, however, co-operation with an “intervention” is voluntary. We don’t advise you to ignore an intervention summons – let us know and we’ll advise accordingly or handle it on your behalf.

There are various formats that the interventions could take, so please take note of what you should be aware of:

## 1. **Real Time Audit**

Here your current records will be checked to ensure they meet HMRC standards. If you are subject to such a check then you will not be subject to an enquiry after the year-end.

## 2. **Short Risk Review**

You will receive a tick box style questionnaire based on a risk profile developed with your trade in mind

## 3. **Self audit**

Letters or phone calls ask the taxpayer to consider specific entries on their returns and make necessary adjustments, with a requirement to notify HMRC of the adjustment

## 4. **Telephone calls**

The HMRC will phone you to say why it thinks an error has been made in a return

## 5. **Correction Challenge**

Where HMRC “holds good quality information from a reliable source” (such as bank interest received) they will correct the return, tell the taxpayer of this and ask for an explanation as to why the original figure was incorrect

## 6. **Current health check**

HMRC will approach a target group where they believe there are risks of non-compliance. They will tell the taxpayer what the risks are and suggest that they consider them when completing their returns.



The new “interventions” scheme being trialed by HMRC is voluntary, and not nearly as onerous as when a full investigation is announced. Such investigations can involve a lot of upheaval and expense for a company, but remember you can insure against such an investigation so that your accountants fees are paid up to £75,000 per claim. You also get access to unlimited telephone advice for business issues ranging from employment law, health and safety and general legal matters.

# Taxman helps pay your life assurance!

If you’re in the market for extra life assurance cover then there was good news earlier in the year - Pension Term Assurance was reintroduced!

This is life assurance cover with the added benefit of tax relief on the premium. This means an individual can take a life assurance policy which pays out on death, but instead of paying the premium out of after tax income they can opt to pay them net of 22% Income Tax relief. Higher rate tax payers can

claim the other 18% through their self assessment tax returns.

For example, if a policy costs £100 a month a low rate taxpayer client will pay £78 and the Inland Revenue will add £22. A higher rate taxpayer will be able to claim a further £18 from the Revenue, reducing the cost to £60. If you need more additional assurance then this can be a very cost effective way to get it. Why not let us quote for your requirements!



# Ignore at your peril new tax rules for construction workers

For companies involved in construction, the proverbial is about to hit the fan when it comes to the difference between a subcontractor and an employee, courtesy of H M Revenue & Customs. Basically, the facts from 6 April 2007 will be:

- if HMRC thinks any sub-contractor should be classified as an employee, then he or she will be;
- you, as the employer, **will be liable** to pay over any additional PAYE or National Insurance deductions that should have been made;
- any deductions of CIS tax you have already made are likely to be disregarded in this calculation;
- if the subcontractor in question has worked for you for several years then there is every possibility that HMRC will reassess earlier years as well.

If you get this wrong, then you could be faced with a very large bill indeed.

Be aware of the following:

- an individual may hold a CIS registration card or certificate and still be an employee in the eyes of the taxman;
- do not rely on what your sub-contractors tell you;
- it is your responsibility as the contractor or employer to be sure of their circumstances;
- you must start thinking now about these changes and how they will affect your business, if you haven't done so already:

Questions you need to ask are:

1. Are you sure of your subcontractors employment status? If you are in any doubt then visit HMRC's online employment status tool at [www.hmrc.gov.uk/employment-status](http://www.hmrc.gov.uk/employment-status)
2. Do you know how to verify new subcontractors?
3. Have you designed your pay and deduction statements?

4. Have you registered to file your monthly return online if you want to do so

Under the new scheme monthly returns will have to be made to HM Revenue & Customs to avoid a cumulative penalty of £100. If you fail to complete the new returns and the subcontractor monthly statements for just one year you could accrue penalties of £11,000 or more.

All the changes are documented in Booklet CIS340, Guide to the Construction Industry Scheme, which is available to download from the HMRC website. For any further information and advice on preparing for the new CIS scheme, visit [www.new-cis.com](http://www.new-cis.com) or call the CIS helpline on 0845 366 7899. Alternatively, contact Kathryn at our office on 024 7625 7317.



Make sure you know the exact employment status of the subcontractors, or face stiff penalties and fines.

## Training your staff can pay dividends

Making the investment into training can make you more competitive. A commitment to it can also stimulate loyalty.

We at Fox Evans encourage all our staff to regularly attend training courses, which we feel is a key element in the growth of our business. One of our clients, Shân Dobinson, also advocates this. Her business, Trinity Training, offers workshops and coaching to help improve skills such as management, sales, interpersonal skills and team-work. These courses come recommended by our own bookkeeping manager, Donna Kiely, who has attended a seminar,

and found it very useful. If you would like to know more then please visit [www.trinitytraining.co.uk](http://www.trinitytraining.co.uk)

Fox Evans may also be able to help with your training requirements if these relate to finances. Many of our clients are not using accountancy software such as Sage Line 50 to its full potential, for example. We can train new staff members in bookkeeping and payroll, or help current employees get the most out of your system. This can be undertaken at our offices or on your premises. Please contact Donna if you are interested.



Would your staff benefit from more or better training? Fox Evans can help on finances, and Trinity Training elsewhere.



# JOKERS CORNER



TEL 024 7622 5938

www.jokers-corner.com

Everyone needs a good laugh from time to time - not least when anything arrives through the post with 'Her Majesty's Revenue and Customs' on the envelope or when your favourite accountants send through your P&L accounts highlighting the spoils of yet another year's toil.

For Fox Evans, the generation of Bill and Gail Shingleton's company accounts, for example, is always guaranteed to raise a hearty smile. And for one simple reason - as proprietors of *Jokers Corner* generating them in abundance is what their business is all about.

Situated in the heart of Coventry's University district, the growth of themed fancy dress parties is proving to be a boom for the Whitefriars Street premises. Whatever anyone's fancy is for fancy dress, the chances are Bill and Gail will fit the bill. The seventies, with its John Travolta overtones long forgotten, never to return (hopefully) Afro hair cuts, and choice styles of suits and outfits are a particular speciality. And no - before you ask the latter doesn't comprise recent hand-me-downs from Fox Evans' staff wardrobe.

The business was founded almost by accident. Bill and Gail owned the newsagent on the corner for 16 years and sold joke novelties and fancy dress as part of the shop's offerings. Sales gradually grew as the desire for fancy costumes and accessories expanded. Two years ago the opportunity to set up a new and dedicated joke and fancy dress shop just two doors away came along, and Bill and Gail opted to take it. Turnover is now twice what they had at the newsagent, for half the workload.



Bill and Gail at the counter of their Whitefriars Street joke shop, where all manner of fancy dress outfits and accessories can be hired or bought.

Where once the hire side of the business dominated, that's now changing as people increasingly opt to buy their own costumes instead. These vary from an average of £20 for Cowboy and Indian or doctors and nurses suits, through to around £45 for Batman, Superwoman or Little Britain suits. Character licenses account for the differences.

The sheer range of outfits sold is colossal, and every spare inch of shop space is colonised by some ware or another. If it isn't an outfit it's a wig, or a hat, or an accessory of some sort. The shop's website - [www.jokers-corner.com](http://www.jokers-corner.com) also has most of the outfits for sale or hire on it.

"We really have a laugh with people," says Gail. "We can get people to look completely different. They try on the outfit, they come out laughing, their

friends do the same and before long we're joining in."

It is, says Bill, a fantastic job. But it's one which Bill and Gail are calling time on. After a lifetime of working all hours running a newsagents retirement is beckoning, and in three years they'll be looking to sell the business to someone younger and fresher.

"It's a great opportunity," he says. "Where once people would hire a fancy dress outfit for special parties or birthdays now they hire them for stag and hen nights, and sometimes just for going out. There is also a growth in the likes of Murder Mystery home parties, where people want to get dressed up in the characters they have been given for the night. The last five years has seen an explosion in demand and I see no reason why that will not continue."

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