



Budget Issue 2006

What's New at

Fox Evans Chartered Accountants

As accountants we're normally bent double over calculators and salivating over Excel spreadsheets to think about blowing our own trumpet. But we're going to do so now - we've had one of our best years ever, and have taken on a total of over 90 new clients of varying sizes. To cater for them, and to ensure our existing client base is kept fully serviced we've decided to recruit three new members of staff this summer. Thanks to all clients who referred us to others.

But as ever in life no-one wins them all, and we didn't get one new client we wanted - the Coventry-based The Football Referees Association, where we got the red card! Still, they don't know what they're missing. No surprise there then!

Thy Will be done!

There's nothing more certain than death and taxes! What a cheery start to a newsletter!

Well yes, admittedly, they're not exactly two of the most sparkling of conversation starters, but sometimes in life you have to tackle the really serious subjects that abound. We don't flinch from that in this issue of *Fox Evans News* - covering the subjects of life, of death, and even more important than those - children's football!

Inside we concentrate on the budget - unexciting as it was. The main points to take out of it are listed on page 2.

Proposed changes to the filing of self assessment tax forms, and inheritance tax rule changes, probably topped the bill.

But that's pretty timely for us - hence our title - Thy Will be done! More and more of our clients now have estates

that cross the threshold beyond which they will pay tax when they die. Minimising the tax can be complicated - and it has just got a whole lot more so with the latest budget changes.

While we're experts in minimising tax we're not so hot on the legal side of Wills and inheritance tax. But local solicitors Richardson & Davies are, so we've teamed up with the firm to offer our clients a more comprehensive service. We realise that few of our clients are thinking of pegging it just yet, of course, but having a Will is a wise move.

Our featured client this time is FrameXPress, who'll kit your office out with new pictures and posters if you're bored with the current decor. Visit them and spend to your heart's content! Oh, and keep the receipts - we'll even make your purchases tax deductible!

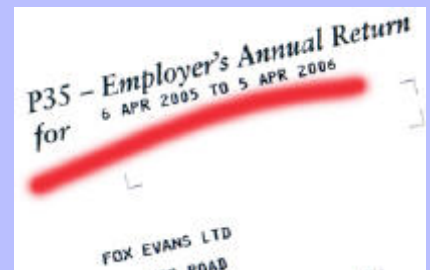


Is there anyone out there who really does understand the offside rule? Honest? 'Cos both Rob "not the chosen one" Anderson and John Banbrook have got to help 30 young Under 10's football stars adjust from playing seven a side football (where no offside rules apply) to eleven a side (where they do apply). If there is anyone running a team in a similar position who would like to get their squad together with Kenilworth Wardens (above) for a pre-season knock-about later this year, then please get in touch with Rob.

Hail Coventry City fans! We've got two tickets to the Ricoh Arena's Premier Club for the last game of the season going. If any client fancies going along then don't, like Coventry's attackers at times, be shy to come forward! Give Rob a ring.



Action point It's P35 time again!



Submit your employee P35 forms by the 19 May or expect the taxman to come bearing fines! We'll do the work if you like - BUT WE DO NEED THE INFORMATION BEFORE 21 APRIL to meet the deadline. Remember statutory penalties apply if it is missed. The P11D deadline is 6 July.

What's in the budget for you?

If you're young . . .

The childcare element of Working Tax Credit has risen from 70% of eligible childcare costs to 80%.

Children born after 1 September 2002 currently receive at least £250 to invest in a tax-free savings account, with those from lower income families receiving £500. Now, at the age of seven, children will get a further payment of the same amount. Parents, family and friends can also contribute up to £1,200 a year to the account, with no tax implications.

The relief for childcare has increased from £50 to £55 per week.



If you're not so young . . .

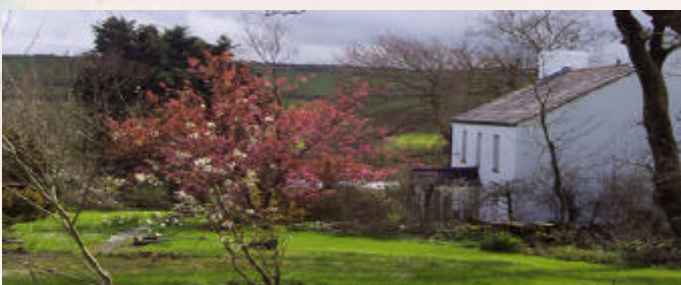
April 6th – A day – sees some hefty rule changes on pensions. The budget hasn't relaxed any of these rules we're afraid.

Most people will have to do self assessment tax returns. In 2008 they need to be filed earlier - by the end of September, for paper filing, or by November for electronic filing.

If you're dead . . .

Well first, commiserations. If you died with an estate worth less than £285,000 then don't be worrying about tax. Your successors won't be paying any. The minimum threshold has risen, with effect from 6 April 2006. And it will go up again each year to £325,000 by 2009. That isn't bad, but still doesn't reflect house price rises.

There are significant changes to the way that trusts are dealt with - making our new arrangement with Richardson & Davies even more pertinent (see opposite). Legislation will be introduced in the Finance Bill 2006 which will bring in new rules on what can and can't be done.



If you're working for someone . . .

There aren't any changes on tax rates - for the seventh consecutive year they stay the same, at 10%, 22% and 40%. The 2006/07 personal allowances, announced last December, increased in line with inflation to £5,035. Personal allowances for those aged 65 and over are increased in line with earnings. There is no change in the rates of national insurance contributions.

If you're running a business . . .

If you aren't computer literate, then you're going to be adversely affected in the future. HMRC is going to increasingly incentivise the online filing of information. Businesses will have to file their VAT returns, company tax returns and PAYE in-year forms online in phases from April 2008. It will also promote online filing by tax agents, like us.

The VAT registration limits have increased; the annual taxable turnover limit for joining the Annual Accounting Scheme increases from £660,000 to £1,350,000, and the same increases were set to apply to the Cash Accounting Scheme but have not yet been approved by the EU. This would have given businesses of that size a



good cash flow benefit and hopefully will be implemented later in the year.

The rules surrounding corporation tax have also changed for the worse for small companies. The zero threshold for small companies with small profits has been axed, and a 19% flat rate introduced for profits up to £300,000.

If you're buying machinery there's some good news. To ensure that small businesses are provided with incentives to invest for growth, the government will increase the first year capital allowances on plant and machinery from 40% to 50% in the year from April 2006.

If you're driving . . .

The main changes here relate to the type of car you are driving - with gas-guzzling 4x4's being taxed slightly higher. There are no significant changes to company car tax rules.

New deal gives FE clients best advice on Will writing

Fox Evans has teamed up with respected solicitor Richardson & Davies to offer clients better advice on making tax efficient Wills. The move is as a result of more clients falling into the inheritance tax bracket due to house price rises, and because of an increase in "cold calling" by supposedly specialist Will making companies who offer basic Wills for prices starting as low as £40. In most cases these offers are just the precursor to a much harder sell for a more advanced service and product that costs several hundred pounds, explains Miles Barker-Davies, of Richardson & Davies. These firms can also include themselves as executors, or charge an annual fee for holding documents.

The new Fox Evans arrangement effectively means that the tax advice of Fox Evans combines with the legal expertise of Richardson & Davies, with both firms complementing each other by offering clients a one stop service.

"Clients can have their business and personal finances covered via Fox Evans for when they are alive, and now they can ensure their relatives are not left with financial worries or tax problems

in the event of their death," says Fox Evans partner Rob Anderson. "It is a logical move that extends the service we offer our clients."

Many people are not aware of the consequences of dying intestate,

simply assuming that their estate will pass on to their next of kin, or their children. While that may be the case, it is not necessary the case that it will do so without leaving a tax burden on the successors.

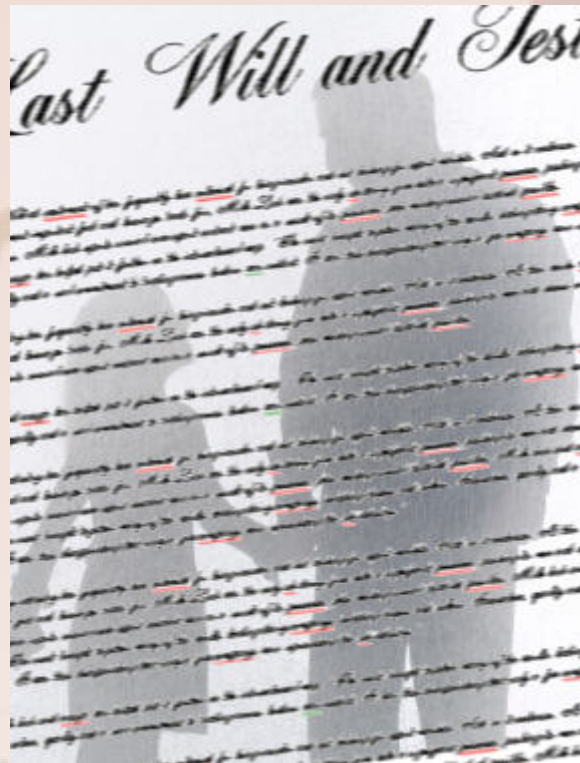
Following the budget the inheritance tax threshold is £285,000 - a sum that is comfortably surpassed by many people given house prices and the uptake of even modest life assurance. Anything over the threshold could be taxed by as much as 40%.

Tax efficient Wills work to reduce the tax burden, but have to be drafted in specific ways to do so. Planning ahead also mitigates any tax - for example gifts made more than seven years before the death of the individual will escape tax.

"Planning ahead is essential," says Miles. "Wills are, by nature, not a particularly cheery subject and are easily put off for another day by people with more pressing priorities. But planning for death is a necessary evil."

The new service with Richardson & Davies will be available from 1 April.

Interested clients should contact Fox Evans on 024 76257317.



Are your affairs in order in the event of your death? If not we advise you to make a Will - our new arrangement with Richardson & Davies will make it easier.

Making Childcare easy for your employees

Life can be hard enough when it comes to juggling a job and children. But are you as an employer doing enough to help your employees - especially financially?

If you're not making use of the Government's tax incentives for childcare then you could be doing more. The first £55 a week, or £238 a month of childcare support can be free of both tax and national Insurance if certain conditions are met - saving both you and your employees money.

The rules can be quite complicated, and you might have to enter the realms of devising childcare vouchers to give to your staff, which are then redeemed to secure the necessary tax savings.

Don't worry though, we've got our own expert on the scheme here - Jo Snow. Give her a ring if you want further advice.



Help out your employees with childcare costs by making use of the Government's tax incentives - just increased in the budget.

The local firm in the frame for national cyberspace growth

There aren't many small businesses that can claim to have international organisations like Aston Martin, The BBC, B&Q, Carlsberg, Coca-Cola, MacDonalds, Ford, and The Houses of Parliament on their client list. But for picture framers FrameXpress, of Coundon, they're all par for the course, among many others.

"We've probably got 30 blue chip companies on our books," says partner Mark Jeavons. "Oh, and a real one too," he quips - plugging the yet-to-be global empire that is Harry Haddock's chippie, opposite his shop on Barkers Butts Lane, Coundon.

The impressive list of clients is growing on a monthly basis, and it's all down to the unstoppable combination of always doing an excellent job, of innovation, and the use of new technology, he says. If ever there is a local success story of a firm using the World Wide Web to develop a business then this must be one of them.

Since partners Mark Jeavons and Mark Wright opted to branch out into cyberspace their company's turnover has increased by 75%. And business keeps on growing every month. "The Internet has transformed our business," says Mark Jeavons.

What started out ten years ago as a "bog standard" local picture supply and framing business for offices, retail outlets and the general public, has rapidly becoming a national one, with the innovative website attracting that impressive list of



respected organisations as well as the general public.

It's one of the most interactive web framing websites in existence and that, twinned with a quick turnaround, a penchant for framing virtually anything with the best tools on the market, and good prices makes for a winning combination.

But while the Internet site (<http://frame-express.net>) caters for the population as a whole, local businesses and individuals can capitalise on a much more personal service. The company will, for instance, visit local businesses and advise on new prints, paintings and all manner of frameable items from football or rugby shirts to, er, gall stones, should the urge grab you. "That's probably the most unusual item we've framed," says Mark. A signed shirt from the 1966

contract · commercial · bespoke

us | FAQs | open an account | view cart | checkout



Mark Wright, right, and Mark Jeavons, left, have seen their framing business boom since branching out from being reliant on their shop to capitalising on the Internet.

world cup squad could be one of the most valuable, he thinks.

Their service can, says Mark, transform a working environment from being dull and uninspiring to being vibrant and invigorating in one fell swoop, and for not much outlay. "It's amazing the difference new pictures can bring at times, says Mark. FrameXpress can be contacted on 024 76593529.

Abbey House
Manor Road
Coventry

Fox Evans
Chartered Accountants

Phone 024 76257317
Fax 024 76552845
enq@foxevans.co.uk

"More than your average accountant!"

This newsletter is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this newsletter can be accepted by the authors or the firm. Fox Evans is a trading name of Fox Evans Ltd. Fox Evans Financial Services Ltd is an appointed representative of Greyfriars Asset Management LLP which is authorised and regulated by the Financial Services Authority.