

Spring 2004

What's New at



Congratulations to Fox Evans' bookkeeper Christine Probert and husband Steve who welcomed their new baby Caitlin into the world on 31 January. We look forward to an office visit soon, and, maybe, welcoming her formally as a trainee in 2022! Who knows!



Congratulations also to Fox Evans' client Paul Hunter - winner of this year's World Snooker Masters. Those who know of Paul may have heard of his "Plan B" approach to his game - but sadly this doesn't involve ringing Rob for tax advice!

Anyone who fancies two free tickets to a major snooker competition in the future should let us know by e mail - we'll put all the names we get in a hat and draw out a winner!

Fixed prices for standard services

It's been budget time again! We haven't produced a budget booklet this year so in this newsletter we feature the main changes, as they will affect most of you and your businesses. We also enclose a summary of all the tax rates and allowances for the coming year. A full breakdown of the changes can be found on our website at www.foxevans.co.uk

the site and let us know what you think of it, and how the content could be improved.

Finally we will be introducing later this year a fixed price guarantee for all our standard accounting services. We will be writing to you after the completion of your current year detailing all the services we provide for you, our guaranteed price for the next year, together with special payment terms.

We also have had our website redesigned by E2E Solutions (our featured client on the back page) and will continue to improve the features available. You are now able to download all our current leaflets and also many of the standard company forms that you need to complete from time to time. Please try and take time to visit



Please visit our new website - designed by our client E2E- at www.foxevans.co.uk

P35 deadline

Whatever you do . . . whoever you employ. . . the deadline for submitting your employee P35 forms is the 19 May. If you want us to do the work for you we can - BUT WE DO NEED THE INFORMATION AS SOON AFTER 5 APRIL AS POSSIBLE to meet the deadline. Remember statutory penalties apply if you miss the deadline. There are no exceptions! The P11D deadline is 19 July.



Have our pockets been dented by the budget?

The budget could have been worse! But scarcely more political, according to the newspapers. That's for others to judge of course, we'll stick to what the implications of the budget are for your own individual pockets. And our view is that it is not nearly as gloomy as most of the forecasts were after Gordon Brown's autumn statement. After that most financial commentators believed that small, recently incorporated businesses were in for a pounding this time round, but they haven't been.

The major change that might affect them is a minimum rate of corporation tax of 19% on all dividends paid to shareholders. That only affects companies with profits of under £50,000, and the net effect will be a maximum cost per year of £1,900. Most firms will pay considerably less than this. If you are one of the firms that has recently incorporated then you have probably saved in excess of £3,000 by now, and so there is still a saving over being self-employed. Table 1 gives several examples if all the profits are distributed. If some profits are retained the calculations appear to be more complicated. However until the Finance Bill is published on 8 April we are all still in the dark.

Action

If you have retained profits in your company, annual profits of under £50,000, and are not a higher rate tax payer, then you should consider paying yourself a dividend before 31 March 2004. Contact us immediately if you do want to do this.

However the IR35 rules, which apply to personal service companies, are still in place and the Inland Revenue has not ruled on the subject of shares being issued in a spouse's name. The other major changes announced are:



Did it hit us where it hurts? Not really - the budget could have been a lot worse. But is the Chancellor keeping us happy by buying votes before the election, only to claw back revenue afterwards? The newspapers say he is, he says he isn't. In the meantime, though, make the most of it!

- The HM Customs & Excise (VAT) is to merge with the Inland Revenue. That's nothing for any of us to worry about.
- The 100% allowance for expenditure on ICT equipment ends on 31 March 2004 and a new 50% allowance for expenditure on most plant & equipment has been introduced for one year from 1 April 2004. This was previously 40%.
- From 5 April 2005 there will be no benefit in kind if an employer prohibits the private use of a van other than from home to office. From 5 April 2007 the benefit in kind for all company vans, whatever the age or cost, will be

increased to £3,000 together with £500 for private use of fuel. This, for a basic rate tax-payer, will mean a tax bill of £770 against the current bill of £110.

“If you have retained profits in your company, and are not a higher rate tax payer, you should consider paying a dividend before 31 March 2004. Contact us immediately if you do want to do this.”

	10,000	25,000	40,000
Profit	10,000	25,000	40,000
Corporation Tax	1,900	4,750	7,600
Dividend	8,100	20,250	32,400
Previous Corporation Tax	0	3,562	7,125
Extra Tax	1,900	1,188	475

Be aware of bogus DPA letters

Bogus firms are capitalising on ignorance over the Data Protection Act to sell companies false advice on the subject. Several firms have been caught out by the con, from fake firms who are purporting to act on behalf of the Information Commissioner. It is not difficult to be taken in – so be aware!

The Data Protection Act 1998 imposed certain legal obligations on companies who hold and store data about others. The Act sets out certain basic principles about handling information, what kind of firms must comply with the Act, what sort of information it applies to, and the requirement for registration with the Information Commissioner. It is this that has been seized upon by these bogus agencies, who have been sending out letters to unsuspecting businesses - including some of our clients - claiming that their business is in breach of the Data Protection Act unless it completes and returns certain forms and, of course, sends a cheque for up to £95 plus VAT for the privilege of registration. The letter also highlights a maximum fine of £5,000 for those businesses who do not register when required.

There are many of these bogus agencies and a section of the Information Commissioner's website (www.informationcommissioner.gov.uk) is devoted to listing those that are active.

If you receive anything on data protection then firstly, check the address. The Information Commissioner is based at Wycliffe House, Water Lane, Wilmslow. If this address is not immediately obvious then be suspicious. Then, check the Information Commissioner's website to see if the agency is listed. If you are still in doubt then contact the Information Commissioner directly.

Any business concerned about data protection, who has not notified the Information Commissioner and has not paid their genuine notification fee of £35 may gain much from the website anyway. It may also pay to complete an online questionnaire to establish whether there is a need to notify the Commissioner. If you only use data for accounts purposes you will probably not have to notify. But we would recommend a visit anyway.



What information does your computer hold, and should you be Data Protection registered? Maybe, maybe not . . . But don't be taken in by bogus companies sending letters on the subject.



Life assurance costs fall

Over the last few years we have heard a lot about supposed deflation – when the price of goods and services actually falls! In practice, though, apart from mobile phones and computers it is difficult to identify areas where this has actually taken place.

Except, that is, in the cost of life assurance. Ten years ago when the concern about HIV and Aids was rife the premiums were inflated to protect the interests of the insurance companies. Fortunately, the claims experience over that period has shown this to be an over reaction, and costs have since reduced. The

increase in life expectancy, plus the competition within the industry have also brought down the costs of protection, often enabling policyholders to reduce their expenditure on insurance for no reduction in cover. Many individuals and companies are finding it is possible to replace existing policies with more cost effective options – sometimes with the same company!

If you have a life assurance policy and haven't renewed it for a while then please do not hesitate to ask us for a re-quote.

Apart from the cost of a call you have nothing to lose and perhaps a few pounds to gain!



You should receive an Annual Review Pack from the Inland Revenue on Child Tax Credits between April and July 2004 if you have previously made a claim, even if you have not received any credits. This will need to be completed promptly. On the form you will have to declare income for the year ended 5 April 2004, which will be used to finalise the claim for 2003-04 and be the basis of your claim for the year to 5 April 2005. If your circumstances change in any way don't forget to tell the Revenue. Our website will have more details, or, if in doubt, phone us.

E2E- helping companies to succeed on-line

Anyone can build a website, right? Well, almost anyone. And if they can't, most people will know a man who can. It's true, of course. But like many things in life there's a huge gulf between the websites that reasonably proficient amateurs can create and what dedicated professionals can produce. To the untrained eye it may not look as if there is much difference between the two types of site. After all, they'll both work! But an expert only has to take a quick glance under the proverbial bonnet to tell. And it is there, unseen to the layman's eye, which determines the success or failure of what can be a business' principle shop-window. How a website looks is, of course, important. But *how* it works is equally vital.

Fox Evans client E2E Solutions Ltd excels in both these departments, says the firm's MD Lee Reveley. He believes in employing designers to design and programmers to program - and never the twain shall meet. Most other web creation agencies make the mistake of getting their people to do both, he says.

"It's a weakness of theirs and a strength of ours that our specialists stay specialists," he adds. Judging by the company's growth it is a strategy that looks as if it is certainly working - the company has doubled in size over the past year and is set to double again next year.

E2E's main line of work is the creation of "bespoke websites" to suit all businesses and budgets. But it is not exclusively a web orientated

business - it can also design brochures and logos for instance.

E-commerce solutions are a particular speciality for the firm, which can build complete web based shop-windows for companies, including credit card payments, and order-tracking systems. www.cookingshop.com (a finalist in the e-commerce awards last year), www.flyingbouquets.com and www.sncdirect.com are all active examples of E2E's work.

Such fully fledged sites can cost up to £30,000 or more - but they don't need to do. A simple e-commerce site can be built for a tenth of that.

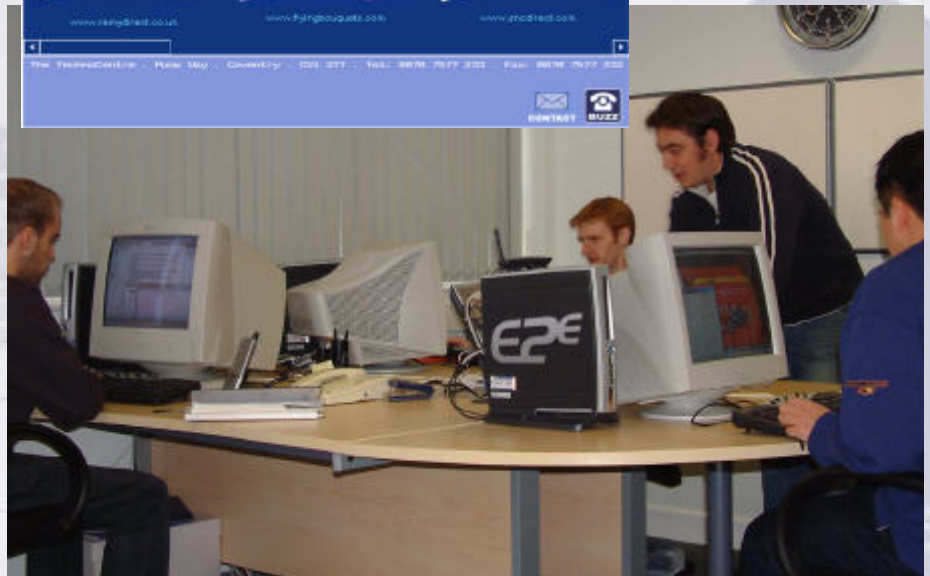
Non-trading, information-only sites can cost as little as £1000 - £2000.

E2E has also made it easy for its clients to update their websites easily - through unique software that it has created. No knowledge of programming is required. It will also optimise the site for search engines. "We like to think we are more than just designers and website developers," says Lee. "We understand our customers business needs and the issues they might face. We help our clients make their websites work for them," he insists.

E2E is based in Coventry, and can be contacted on (02476) 236677.



Do you want or need a website? E2E, below, which is currently revamping Fox Evans' site, can point the way - from simple low budget sites to fully fledged on-line shops.



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"More than your average accountant!"

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