

## Incorporation - is it still worth your while?

With increases in the levels of Corporation Tax introduced in the last budget for smaller businesses (from 19 percent to 22 percent), some of our clients are asking if incorporation is still the right course of action.



Stuart Sheldrick

Associate director Stuart Sheldrick, says that unless your net profit is under £25,000, incorporation still makes sense financially. But for many people, saving tax is only part of the story. Without incorporation a business proprietor or partner is, legally speaking, personally liable for the business debts. For many people, it's worth incorporating for that reason alone.

## LB Group news

### New faces

Our HR department has been particularly busy over the last few weeks welcoming a number of new arrivals

- ◆ In our new London office, we've been joined by Nevin Randall and Petrell Powell-Boorasingh both in the tax department. John McKie will be joining shortly as tax manager. Gareth Davies is our new graduate recruit, starting his training contract in August.
- ◆ New on the scene in Chelmsford is Catherine McCarthy, our new accounts assistant and Lindsey Coombes, our new admin support clerk.
- ◆ In Colchester we're happy to welcome David Langston ACCA, Audit and Accounts Manager, Daniel Perkins, Audit Semi-Senior, joining us from a national firm, and Paul Rayner, a graduate trainee. In the tax department we welcome Sharon Brown to the payroll team.

We're always on the look out for good people to help fuel our rapid growth, at each of our offices. If you know someone that might be just right for us, then please ask them to email their CV and a covering letter to: [info@lbgroupltd.com](mailto:info@lbgroupltd.com)

### About us

Established in the 1960s LB Group has offices in Colchester, Chelmsford and Walthamstow, and so is well placed to look after the financial affairs of businesses and private individuals from London, through Essex, into East Anglia and beyond. Experienced teams offer great breadth and depth of expertise and experience with a practical no-nonsense, jargon-free approach. Most directors of LB Group have worked for international firms of chartered accountants, and in commerce and industry. They are widely experienced in finance, far beyond traditional accountancy. Directors, individually, take overall charge of each client, working through team managers.

Specialist divisions include LB Business Solutions, LB Wealth Management, LB Insolvency Services and Corporate Finance

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## Welcome!



Trevor Lake, Director  
of LB Group, London

These are exciting times at LB Group. We are now in our superb new premises in Stratford. It's taken rather more time than we expected, and I'd suggest that anyone looking to take on a listed building as an office thinks long and hard about it!

Having said that, the building is absolutely stunning, both architecturally and as a working environment, and we're looking forward to welcoming our clients to LB Group's new London home. Please feel free to call in and see us!

## On the move in Stratford

Our spacious and new London office has now opened in Stratford, one of the most promising commercial locations in the UK.

The move from Walthamstow has been on the cards for a couple of years, but with the Stratford area developing so fast, it had taken time to find the right premises. Our new offices, which front onto two busy roads, are in a very attractive listed building that offers plenty of scope for growth in the future.

"This is going to be one of the UK's most important commercial areas for many years into the future, and there is huge potential for us there," explained director, Trevor Lake.

We have had a London presence in nearby Walthamstow for the past 10 years. Whilst we opened there with just a handful of people, today our team is much larger, a reflection of our growth in the commercial sector.

Trevor said, "Stratford is the hub of some very important developments. The Olympic development will, we believe, create outstanding business opportunities for organisations large and small. We intend being right at the centre of that commercial activity, near Docklands and The City."

"We're all very excited about this move because it's clear to see the development potential of this area," he added. "This is just the right location for our expansion."

## Whats new?

### The importance of IHT planning

Inheritance Tax (IHT) used to be something only "wealthy" people needed to consider according to tax director, Paul Mustoe. This is no longer the case. Soaring house prices and the Government's failure to raise the minimum threshold in line with this, means that more and more people are likely to be affected.

Everyone is allowed to leave just £300,000 (the 'nil rate band' tax threshold) to their beneficiaries free of IHT, but many people have been caught in the IHT net, solely by the value of their home, even where it is held in joint names.

As the whole estate above the 'nil rate' band is liable to tax at 40% (subject to certain exemptions and reliefs) and the tax is payable before the remainder of the estate is distributed, it is essential to use your tax-free allowance effectively and then plan to reduce any tax payable on the surplus.

Most taxes are unavoidable, but IHT can be reduced, delayed and in some cases even avoided, by a combination of basic planning and specialist advice.

The sooner you plan for IHT the better; it's never too early. Don't leave it too late, contact Paul to arrange a convenient appointment and see how much can be saved.

## Inspiration east - recognising and rewarding unsung heroes

In business, as in every walk of life, there are some very special people. They're to be found in offices, in factories, in schools and in workplaces everywhere. Often their contribution is almost intangible – they're the people for whom it's second nature to help and encourage others.

They're the unsung heroes of the business world and it's no exaggeration to say that they make a huge difference to those around them. Yet very often, their contribution is never seen by the outside world.

Inspiration East has set about changing all of that. Launched by LB Group five years ago, Inspiration East is a special honours scheme, all about recognising the people who change lives and set others on the path to successful careers and businesses of their own.

Thanks to Inspiration East, finding a way to say "thank you" is very straightforward. Visit the Inspiration East website – [www.inspiration-east.co.uk](http://www.inspiration-east.co.uk) - to nominate that special individual who, in your opinion, deserves recognition for their contribution.

There's no catch. It's free to enter and if your nomination is successful, you'll be invited along to our glittering awards ceremony in October to see them receive the recognition they so richly deserve.

All entries should be submitted via our website.

## Registration information on your website - now

It's not widely known, but requirements for companies to include information such as registration number, place of registration and registered business office on business letters, were extended to websites and electronic communications. This was effective from 1st January this year, as part of the Companies Act 2006. It also applies to Limited Liability Partnerships. We recommend that you review email signatures and websites to ensure compliance.

## Changes to company van benefits

What's a van? That's a problem exercising accountants and legal brains at the moment. With changes to company van benefits from April this year, the clue is in the word "occasional". Whereas in the past it was possible to combine work and personal use and pay tax on a flat rate of £500, the rules are changing.

New rules mean that the benefit could be as much as £3500 for the same vehicle, if more than just occasional use is required – but what does that mean? Things like "taking a mattress to the tip" or calling at the dentist on the way to work are given as examples.

It is most likely to affect people like couriers, builders and the self employed, but may also impact on those who drive luxury vans, which the Revenue believe can be commonly mistaken for very comfortable people carriers! Watch this space, as the story unfolds!



## Means of accounting for VAT

By reviewing the way you settle your VAT bill, you could make a difference to how much money you actually part with. Several options exist, each of which might work better for you:

◆ **The cash accounting method:** you only pay VAT when you receive payments. If some of your clients are very slow to pay this could make a big difference

◆ **Invoice or accruals basis:** when you actually raise sales invoices or receive purchase invoices. If you are a very small business this can mean you ending up with liability for paying VAT even before you receive payment, something not conducive to managing cash flow!

◆ **Annual accounting:** settling annually, as opposed to the more usual quarterly, returns is definitely not to be recommended if you are at all disorganised. Whilst it means a smaller administrative burden, if you get to the end of the year and everything is in a muddle, it could take hours of time to unravel! (Believe us, it happens!)

◆ **Flat rate:** this is VAT paid as a percentage of turnover and it varies from one industry sector to another. For example, whilst caterers will pay 12 percent, photographers pay 9.5 percent.

For more information, contact LB Group.

## Tax timetable - be very afraid!

The article in our last newsletter prompted a number of queries from people who were concerned at the news that Tax Investigations were on the increase.

We've since heard that HM Revenue & Customs are looking to raise £1.9 billion through this avenue over the next year. Tax inspectors are being incentivised to come up with results, and they could come knocking on your door entirely at random.

Make sure that you're not a casualty. Whilst you may not have done anything wrong, you could find that an investigation could take years. It's inconvenient, its time consuming and it could cost you a small fortune.

We'd suggest that you talk to your tax manager and think carefully about taking out insurance to protect yourself against the impact of a tax investigation. As always, we will be happy to arrange this insurance cover for you and return to you any commission we may receive on the policy.

Vigilance and good advice are the keys to survival.

## Tax timetable

<b>5th July</b>	You must make a claim to the Inland Revenue for any new tax credits to which you are entitled, in order to receive full entitlement
<b>6th July</b>	If applicable, employer must provide copy for Form P11D showing details of the benefits in kind to employee
<b>7th July</b>	Last day for submission of Form 42 notification of issue of shares to directors or employees by virtue of their employment
<b>19th July</b>	Payment of Class 1A National Insurance on benefits in kind due
<b>31st July</b>	Second payment on account for 2006/7 due Additional 5 percent surcharge if 2006/7 balancing payment is still unpaid  Second penalty for £100 if HMRC has not received 2005/6 tax return by this date
<b>2nd August</b>	Last day for submission of P46 (car) for changes in quarter to July 5th 2007