

TAX RETURNS: TOUGH NEW PENALTIES FOR ERRORS

New penalties for filing inaccurate information mean that it is more important than ever to get tax returns right, as well as submit them on time.

Andy Buchanan is warning that negligence or concealment will be severely dealt with. This follows the introduction of new rules by HMRC (Her Majesty's Revenue & Customs) that apply from April this year for returns and documents submitted from 1st April 2009.

Andy, a tax manager in our Colchester office, said that errors on tax returns or other documents that result in an understatement of tax liability could attract penalties of up to 100 percent of the sums owing.

For "carelessness" the penalty is likely to be up to 30 percent. For "deliberate errors" a penalty of between 20 and 70 percent is likely to be levied and between 30 and 100 percent for "deliberate concealment".

"If a penalty is levied because you have been careless, you could be entitled to a suspension of the penalty for up to two years, providing certain conditions are met and no other penalties are incurred during that time," Andy added. "But the other tougher penalties give out a strong message that giving misleading information will be punished more severely."

The new regime initially applies to Income tax, Corporation tax, Capital Gains tax, VAT, CIS, PAYE & NIC. According to HMRC, the penalties are designed to ensure the penalty reflects the behaviour that gives rise to the error'.

More information please speak to Andy or to your usual LB contact.

STAFF NEWS

We're delighted to announce:

- Stuart Sheldrick of our Chelmsford office, has been made one of the youngest ever directors of LB Group. He has been with us for five years, and through his background in both small firms and larger London practices has broad experience of everything from start-ups to corporate business
- Mark Haddock has joined our Colchester office as senior audit and accounts manager. Mark qualified as a Chartered Accountant in 2001 and worked for nearly ten years in a top 10 international firm, working through the ranks to Assistant Audit Manager. He then worked in industry for a leading local construction company as Finance Manager.
- Neil Hopgood, an accounts and audit senior in our Colchester office, has passed all of his ICAS exams and becomes fully qualified at the end of the year, when he completes his three years experience. Neil joined LB Group in February last year,
- Claire Cousens has joined our Chelmsford office. Claire, who is ACCA qualified, started her career in a small accountancy practice in Colchester and has since worked for one of the top 20 firms in the business advisors' team



Stuart Sheldrick



Mark Haddock

About us

Established in the 1960s LB Group has offices in Colchester, Chelmsford and Stratford, 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 LB Corporate Finance

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LB

Accountability

LB Group your accountable business partners

LB GROUP
Chartered Accountants
Business Advisers
Chartered Tax Advisers

Autumn 2008

Welcome!

These are treacherous times. Costs are rising everywhere, share prices are falling, finance is proving hard to come by. Never has it been more important to ensure that you – and your business – are in safe hands.

Whilst it's difficult to see what's around the corner, there are people who have steered through such turbulent times before and can help you prepare, survive and come out smiling. Happily, a good number of them are working at LB Group offices in Colchester, Chelmsford and Stratford!

So please do keep in touch, not only if you need the kind of regular advice for which you'd normally turn to us, but also if you see difficulties looming and need practical guidance on how to proceed for the best outcome.

Best wishes

LB GROUP

WHEN TIMES GET TOUGH

If PAYE salary is just a small part of your income, mortgages can be difficult at the best of times. Fortunately, our wealth management expertise and close working with mortgage lenders means we're in a good position to help. Speak to your LB Group adviser for details.

TREVOR PROVES HE'S TWICE THE MAN HE WAS



We're happy to announce that Trevor Lake, one of the directors in our Stratford office, has seen off his 40th birthday in style! Far from resting on his laurels as he passed his milestone day, Trevor set about proving he's twice the man he was at 20!

He set himself the challenge of completing

the Windsor Triathlon, a gruelling event that includes a 1.5km swim, a 42km bike ride and a 10k run. Through his efforts, and with the assistance and generosity of many of our clients and others, Trevor raised more than £3,000 for Orchid, the UK's only registered charity to focus entirely on the male-specific cancers.

Earlier in the year, another of our directors, Richard Francis, matched his effort by taking part in the London Marathon. Thanks to the kind support of friends, family, colleagues and clients, Richard raised £1750 for St Helena Hospice in Colchester.

WHILST ON THE SUBJECT OF CHARITABLE GIVING

For anyone not aware of Gift Aid, it enables you to give more to a charity than you actually hand over. If you pay UK tax on your income or gains and make a Gift Aid donation, UK charities can claim back basic rate tax on it from HMRC. So, for example, if you give £10, the charity can claim back an additional 20 percent - £2.50 – making your donation worth £12.50. In addition, a further 3p in the pound can be reclaimed by the charity from the Government to make up for the sums lost following the reduction in the basic rate of income tax.

Please speak to your usual contact at LB Group

What's new?

THE CREDIT CRUNCH – IS IT STIFLING YOUR COMPANY?

Ever since we first heard of sub-prime mortgages – an unfamiliar term that passed into common parlance within just a few months – it's been clear that the world economy isn't as stable as we'd all hoped.

Almost every news bulletin brings more bad news, adding to the general feeling of doom and gloom. But business – and life – goes on. If you're looking at raising funds, restructuring existing debt or having problems with your existing bank, then our corporate finance team is ideally placed to help you out with some very practical advice and solutions. The team's exceptional blend of expertise really comes into its own in uncertain times like these.

Corporate consultant, John Jardine, says, "As a result of the credit crunch, some banks have severely restricted credit parameters, others have increased prices and some have simply maintained the status quo. When credit tightens it becomes even more important to obtain up to date market information and to approach the right bank in the most appropriate way."

For more information about how our corporate finance team can help you through these troubled times, speak to your usual LB Group contact.

FLAT RATE BENEFITS SMALL BUSINESS

For small businesses, VAT returns can be a time-consuming and complicated administrative nightmare.

Stuart Sheldrick, a director at our Chelmsford office, says that there is a better option but not every small business knows about it. It's very cost-effective and could potentially benefit small businesses that have a turnover of no more than £150,000 per year (exc. VAT). It's ideal for labour intensive businesses with few expenses attracting VAT.

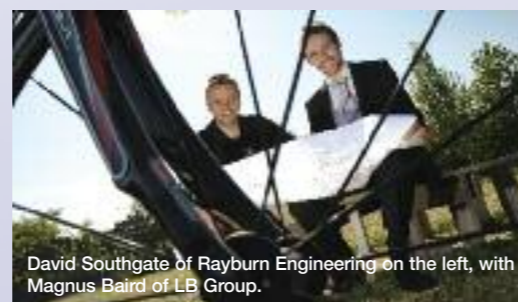
"Under the scheme, businesses pay a percentage of gross turnover to HMRC without being able to claim VAT on purchases incurred," Stuart explained. "The percentage is set by HMRC and varies according to industry sector. For instance, for a publican it's 5.5 percent and for a photographer, 9.5 percent. Better still, there's a one percent discount in the first year of VAT registration."

On the "flat rate" basis, where little or no VAT is claimed back on purchases, a percentage lower than 17.5% will mean a saving. Where you purchase a capital item over the value of £2,000, you can still reclaim the VAT though.

The HMRC website: www.vatreadyreckoner.hmrc.gov.uk includes a ready reckoner so you can calculate whether the scheme could benefit you. Or speak to your LB Group contact for more information.

"IT'S TAX-WISE TO GET ON YOUR BIKE!"

"Get on your bike! It's environmentally friendly, it's good for the waistline and it's also very tax efficient." And with fuel prices spiralling, it's increasingly popular.



David Southgate, managing director of Rayburn Engineering, took the advice of Magnus Baird, a manager at our Colchester office, to "get on your bike" quite literally. David, who lives in Heybridge near Maldon, now regularly cycles the 20 miles each way to his workshop in Fordham, just outside of Colchester.

"Cycling into work saves me a lot of money and keeps me very fit," says David. "A typical journey to work by car takes me 40 minutes, but I can bypass all the traffic congestion and still be at work within 55 minutes if I travel in by bike!"

If employers buy the push-bike and any safety equipment such as cycle helmets, etc. they can reclaim the VAT and also claim capital allowances to reduce their Corporation Tax liability.

"It's a very flexible scheme that's fast catching on and is aimed at reducing the environmental impact of other forms of transport," Magnus said. "And as an employer you can actually provide more than one bike, if for instance that enabled your employee to cycle to a railway station, take a train then cycle to their place of work."

"Better still, it's not regarded as a taxable benefit in kind in the same way that a car would be, provided the bicycle is owned by the company," he added. "There are some qualifications though: the bikes must be available to all employees and they must be used mainly for journeys to and from the place of work."

As an alternative employers can provide a loan so staff can buy a bike or can pay up to 20p per mile tax free to employees who use their own bike for business travel. Many of the big high street retailers offer and administer cycle to work payment schemes, so it's become quite easy to take advantage.

TAX TIMETABLE

5th October	Individuals/Trustees to notify HMRC of new sources of income in 2007/08 tax year if no tax return has been issued.
19th October	Payment of any tax due on PAYE Settlement Agreements due for 2007/08 tax year
31st October	Deadline for manual submission of 2007/08 tax return using the HMRC's pre-printed form
31st December	Deadline for electronic submission of 2007/08 tax return if HMRC are to calculate the tax due, or if an employee wishes their balancing payment to be collected by next year's tax code
31st January	deadline for electronic submission of 2007/8 tax return Income tax: balancing payment due for 2007/08 tax and Class 4 NIC liability Income tax: first payment on account due for 2008/09 tax and Class 4 NIC liability Capital Gains Tax payable for gains in 2007/08

HOW TO INCREASE YOUR PENSION INCOME BY UP TO 30%

If you're retiring soon and have a scheme with a pension provider you should be receiving information explaining how you could buy an annuity with your fund. What may not be clear is that you could add another 30 percent to the value of your pension every year, simply by looking further afield.

For example, an annuity for a 65 year old male with a fund of £100,000 will buy an annuity income of £658 per month with the top annuity provider but just £549 with the pension provider in 10th place. Many annuity providers offer even lower returns!

It's been five years since the Financial Services Authority changed the rules forcing pension providers to tell customers about the open market option. But figures show that the FSA's move has not had much impact and two thirds of people buying annuities are still not shopping around to find the best deal.

Most still take the first offer, even though it could cost them many thousands of pounds in lost income. Married couples all too often opt for a single life annuity when buying a joint life annuity may be the better choice for them.

Sadly, once the choice is made it is almost impossible to switch to another provider. Retirement may last 30 years or more, so taking the time to do some research is time well spent.

At LB Wealth Management we offer independent financial advice and will be happy to help you find the best way to fund your retirement.

Contact Henry Hayden in our Chelmsford office to discuss your options.

LB Group News

THERE'S A GREAT DEAL TO BE GAINED IN STRATFORD

LB Group's Stratford office has joined forces with large local commercial law practice, Bowling & Co. and RBS/NatWest to host the 'Stratford Deal Team' launch.

The 'Deal Team' aims to encourage businesses to utilise the expertise that is on their doorsteps, rather than travel into the City (and pay accordingly!)

The message from all three partners is very clear, explained corporate consultant, John Jardine. "Deals can be processed with much more efficiency when there are professional partners that are used to working together. Transaction costs are significantly lower outside of the City and that's reflected in our rates. And senior people carry out the work themselves, rather than drafting in juniors once the deal is done."

Whilst at LB Group we intend working closely with these two partners where we can see clear client benefits, the arrangement is by no means exclusive nor is it confined to our Stratford office.

We'd be pleased to hear from any client interested in discussing management buy-outs mergers and acquisitions with the benefit of input from a team of corporate finance experts, bankers and solicitors.

Speak to your usual contact in the first instance and we can arrange for the team to be in touch with you.

LB GROUP TO SPONSOR SUFFOLK MUSIC QUIZ

There's nothing we like more than a bit of music (apart from sport that is!) and we're delighted to announce that we're sponsoring the Ipswich & Suffolk Small Business Association (ISSBA) Music Quiz at the end of November. If you're interested in taking a table at the event, which is being hosted by BBC Radio Suffolk on the outskirts of Ipswich, then please contact **Chris Annis on 01206 867551.**