

## Do you know anyone starting a new business? *We can help!*

**According to the Federation of Small Businesses, hundreds of thousands of start-ups are expected this year. Apparently in the UK, we're losing 120 small to medium sized enterprises (SMEs) everyday but for each one of those, around 11 are starting up. That's approaching half a million new SMEs in 2009. The majority of them are one person bands, risk averse, taking on little or no debt, and not employing anybody else any time soon.**

As far as the UK's economic recovery goes, they point to long and slow because they'll do little to reduce the rising unemployment count. Of the 4.7 million firms in the UK only 6,000 are big businesses. The rest are SMEs which employ nearly 60% of the workforce.

SME's have been more robust in the current recession than many analysts expected. At the height of the recession in 1991, 1,000 SMEs a week were closing. This time around they seem to be carrying less debt and are better placed to make their repayments and keep their costs down.

### Redundancy money

So why are so many would be entrepreneurs choosing now to give it a try? People are looking for something to do with their redundancy money. Savings are attracting such derisory levels of interest that people are more willing to take the risk. Like many new business owners they're able to finance the start-up themselves without borrowing, and they intend to stay small. It's always that bit cheaper to start up in recession. If you have an idea for how to improve on something already on the market you could find that a lot of your competition has already gone to the wall, leaving you the way clear to pick up the customers as the economy recovers.

**If you know anyone who is thinking of starting a business, why not give us a call and we will send them our free "New Business Kit – The financial, tax and accounting considerations of starting a new business".**

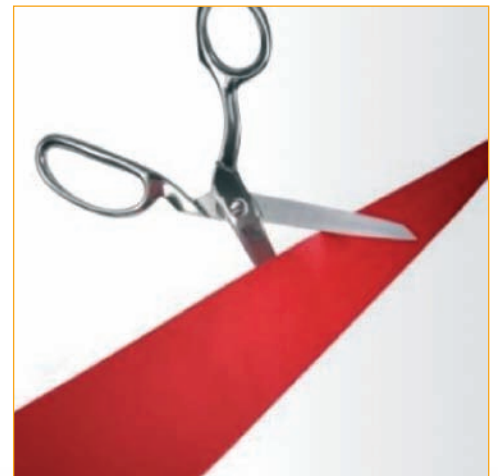
New Business Kit

Financial, Tax and Accounting  
Considerations of Starting  
a New Business

turner peachey

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# Team Update

## Head of Tax

We are extremely pleased to announce the imminent arrival of David Walker from Baker Tilly to head up our tax team. David is CTA qualified, takes up the role in early November and brings with him a wealth of experience in the tax advisory arena.



## Promotion for Audrey

We are pleased to announce that with effect from 1st September Audrey Williams has accepted an Associate position in our Bridgnorth office. Audrey joined Ridgway Wall & Co in December 2007, with which firm Turner Peachey created a new partnership in June 2008. Audrey became ACCA qualified in 2004. She works on a whole range of clients from small sole traders to large limited companies. Originally from Clydebank, Glasgow she has settled in Broseley, Telford, although she travels back to Scotland at weekends on a regular basis to see family and friends. Audrey's favourite author is John Grisham, she enjoys walking, keeping fit, cinema and eating out.

## Charity Quiz

We will be holding a charity quiz in aid of Wales Air Ambulance on **Thursday 12th November 2009** at the **Royal Oak Hotel, Welshpool**, start **7.30pm**

The cost is £20 per a team of 4 to include a free buffet and prizes.

For further information please contact Karen Gittins in our Welshpool office or email her on [karengittins@turner-peachey.co.uk](mailto:karengittins@turner-peachey.co.uk)

## INCOME TAX DIARY

### Changes from April 2010

- The amount of basic personal allowance has not been set, but from 6 April 2010 the basic personal allowance will be subject to a single income limit of £100,000.
- This will mean that where an individual's income is below the £100,000 income limit, they will continue to be entitled to the full personal allowance.
- For those who will be affected, their personal allowance will be reduced by £1 for every £2 that their income exceeds £100,000 until the personal allowance is reduced to Nil. (This is instead of the two-stage reduction announced at the Pre-Budget Report)
- 50% additional rate of tax will apply to taxable income above £150,000.
- The new rate of tax of 42.5% will apply to dividends which would otherwise be taxable at the new rate of 50%. There will therefore be three rates of tax for dividends, the 10% basic rate, the 32.5% upper rate and the 42.5% higher rate.
- The dividend trust rate will be increased from 32.5% to 42.5% and the trust rate will be increased from 40% to 50%.

### Changes from April 2011

- The main rate of Class 1 and Class 4 National Insurance Contributions will be increased by 0.5% to 11.5% and 8.5% respectively.
- The Class 1 employer rate of National Insurance Contributions will be increased by 0.5% to 13.3%. The increased rate will also apply to Class 1A and Class 1B contributions.
- The additional rate of Class 1 and Class 4 National Insurance Contributions will be increased by 0.5% to 1.5%.

## Bank Charges Down

### Banking group RBS-Nat West, majority owned by the taxpayer, decided to cut its overdraft charges.

The move comes ahead of a decision of the new Supreme Court on whether or not the Office of Fair Trading (OFT) can regulate these charges. From 1 October, RBS and Nat West customers will be charged £5 for having a cheque bounced, down from £38. Between them, the RBS and Nat West have 12.5 million current account holders.

The fee for paying an item on an overdrawn account falls in half to £15. We think this is good news for RBS and Nat West customers, not least because the fees for unarranged borrowing have been an area of ongoing concern for them. In July this year, the government in its White Paper on reforming the financial markets called on the industry to find a quicker way to resolve the issue.

### NEW RBS-NAT WEST CHARGES

- **Bounced cheque, direct debit or standing order** £5, down from £38
- **Payment on overdrawn account** £15, down from £30
- **Guaranteed card payment fee** £15, down from £35
- **Monthly overdrawn account charge** £20, down from £28
- **Overdraft interest rate** reduced to 19.24%

[Source: RBS]

**Please talk to us if you are struggling with finance, there are support options available and we would be delighted to discuss all options with you.**

# HIGHER RATE BUSINESS AND INCOME TAX PAYERS – SOME PLANNING TIPS

From April 2010, the top rate of income tax will be 50 per cent for individuals with an income over £150,000.

Restrictions will also apply to personal allowances where income exceeds £100,000. The point at which the personal allowance is fully reduced will depend on the level of the personal allowance for 2010/11 but is around £112,950 at current levels.

So what advice and options are available for higher rate tax payers?

## 1. Profit extraction by way of dividends:

- Accelerating the payment of dividends by 5 April 2010 can achieve a significant tax saving.
- Extracting profits early by dividends is something that shareholders of UK companies should consider now to avoid the new higher rates of income.

## 2. Incorporating your business:

- If you are making substantial profits and are thinking about retiring or selling soon from being a sole trader or in a partnership, then you could save tax by incorporating your business into a company. Tax savings can be achieved by incorporating the business and benefiting from lower rates of tax under the corporation tax and capital gains tax (CGT) regimes. There is always the risk though that tax rates may change.

## 3. Reward employees through a share scheme:

- Share schemes offer a tax-efficient way of remunerating employees, with tax advantages for the employees and the company. Share schemes can be used to replace existing cash rewards, such as annual bonuses, reducing the cash drain on companies at a time when money is tight.

## 4. Salary sacrifice schemes:

- Tax savings can be achieved by employees receiving a non-cash benefit in exchange for part of their salary, typically an employer pension contribution. This results in lower tax and National Insurance Contributions (NIC) for the employee and lower NIC for the employer as there is no income tax or NIC to pay on the sacrificed amount.
- Remember tax rates and timings may change.

**Don't delay any tax planning. Please talk to us soon if you think you may be affected by some of these changes.**



## A New Angle on "Snail Mail" From paper to electronic!

The Swiss postal service now offers an electronic Post Box to customers wanting to receive their physical letters over the internet.

This system was first developed by the Seattle-based company Earth Class Mail, which has its own subscribers around the world.

### 'Relevant mail'

For 14 Euros (£12) a month, letters are redirected to a secret location in Zurich where the envelopes are scanned and an image is e-mailed out to customers. They can then decide whether letters should be opened and scanned by vetted personnel sworn to secrecy, or simply shredded.

### Internet power

The Swiss Post Box service is currently only available in Switzerland and Germany, with plans to expand to locations in France, Italy and Austria this year.

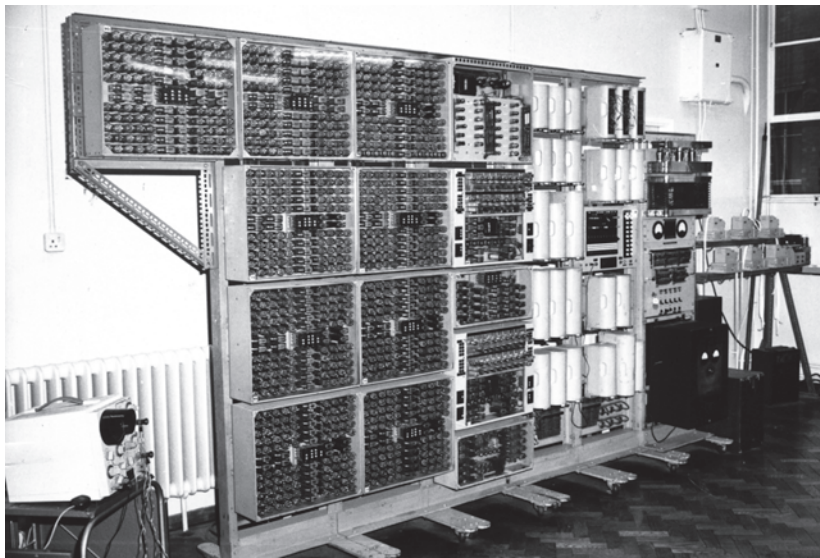
The service is tapping into the power of the internet which is replacing snail mail business with e-mails, documents in PDF files and downloads.

### We wonder if this will work in Britain?

We can think that Expats would benefit and those working away from home, but maybe there will always be the need for the Postman as we do still love putting pen to paper!



# Technology – the old and the new!



## The Oldest!

### Britain's oldest working computer rebooted

The oldest original working computer in the UK, which has been in storage for nearly 30 years, is getting restored to its former glory.

The Harwell computer, also known as WITCH, is getting a second lease on life at the National Museum of Computing at Bletchley Park. The machine is the oldest surviving computer whose programs, as well as data, are stored electronically, according to the museum.

It was a feat for its time. Harwell was operational until 1957 and was then used in computer education until 1973. After that it was disassembled and put in storage – only to be revived now.

The Harwell will be housed alongside the rebuild of the earlier, code-breaking Colossus Mark II, the world's first electronic computer.

## The Latest!

*Bluetooth burglar alarm protects mobiles and laptops.*

*Radio controlled alarm fobs warn off thieves.*

Mobile technology specialist TenBu has launched a Bluetooth based security gadget called Nio that protects laptops and other Bluetooth devices while you're away from the office. Nio works by creating Bluetooth links to your mobile devices and sounding an alarm if the link is broken, such as would happen if you accidentally abandoned one of your devices in a restaurant or if a thief tried to run off with one.

This is an interesting use of Bluetooth technology, but it raises several questions. For example, Bluetooth devices have a poor reputation for battery life. Although the makers claim Nio's battery would last for several weeks before needing a recharge, it remains to be seen what impact using Nio would have on the batteries in laptops and mobile phones.

## Humour

*Two accountancy students were walking across campus when one said, "Where did you get such a great bike?"*

*The second accountant replied, "Well, I was walking along yesterday minding my own business when a beautiful woman rode up on this bike. She threw the bike to the ground, took off all her clothes and said, "Take what you want".*

*The first accountant nodded approvingly, "Good choice. The clothes probably wouldn't fit!"*

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