



This year the traditional date for the Budget has been delayed for a month until 22 April. At the date of preparing this newsletter we are still "in the dark" regarding any changes Chancellor Darling will make to our tax position for 2009-10.

This month we have included information on PAYE code changes, changes to the National Minimum Wage penalty regime, the new penalties if you fail to register your liability to pay self employed National Insurance, and an update on medical check-ups provided by employers.

Self-Employed NIC Penalties

From 6 April 2009 there is a change in the penalty you will pay if you are late notifying HMRC that you have commenced self-employment.

Up to 6 April 2009 the penalty was £100 and you had 3 months after commencement of trade to let HMRC know.

From 6 April 2009 the rules are changed as follows:

- Anyone who ceases or becomes liable for Class 2 or Class 3 contributions must notify HMRC immediately.
- A penalty may be levied (between 30% and 100% of the "lost contributions") if notice is not given by 31 January following the end of the tax year in which you become liable.
- There will be no penalty if you have a reasonable excuse for the late notification.



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Medical Check Ups

HMRC have now agreed that all medical check-ups provide by employers to an individual employee will be treated as tax and NIC free, even if the check-ups are not available to all employees.

This clarifies a number of changes in their approach, and informal concessions, in the last few years. The change will be acknowledged in the forthcoming Finance Bill 2009.

National Minimum Wage Changes

We urge all employers to read the following changes to the penalties that will automatically be levied after 6 April 2009 if you fail to observe your obligations regarding payment of National Minimum Wage rates.

From 6 April 2009, a new automatic penalty will be levied where HMRC compliance officers find arrears of the National Minimum Wage (NMW). Penalties will range from £100 to £5,000 and those employers who settle within 14 days of notification will receive a 50 per cent discount of the penalty for prompt payment. The penalty must be paid in addition to any arrears owed to the workers. The most serious cases of non compliance may be tried in a Crown Court and subject to an unlimited fine.

To reflect this change, the current system of separate NMW enforcement and penalty notices will be replaced by a combined notice of underpayment and penalty. This will be issued whenever HMRC discover that arrears were outstanding at the start of their enquiries.

The notice will detail the amounts due to workers and any penalty due on those arrears. For pay reference periods starting on or after 6 April 2009 the penalty will be half the total underpayments shown on the notice. HMRC can pursue arrears claims for workers going back up to six years.

You will be able to appeal both the amount of the arrears and the penalty to an Employment Tribunal (an Industrial Tribunal in Northern Ireland) under new appeal rights. You can call the National Minimum Wage Helpline in confidence on Tel 0845 6000 678.

Victoria's Olympic Bid

Ellis & Co are sponsoring Victoria Thornley in her bid to row for Great Britain in the Olympic Games.

Victoria, from Holt, first started her dream of a place in the Olympics after responding to the 'Sporting Giants' appeal by UK Sport for tall and athletically talented young men and women. The aim was to identify and develop new talent for one of the so called 'tall sports' of rowing, volleyball and handball in time for the Olympics. At 6ft 3in, Victoria was told by countless modelling agencies that she was too tall to continue her modelling career.

Victoria is now a member of the GB Rowing's World Class Start Scheme, sponsored by Siemens.

March was very exciting for Victoria. She was part of the crew which achieved 3rd place out of 300 crews in the Women's Head of the River race on the Thames. Victoria was in illustrious company as the crew featured rowing legends including triple Olympic silver medallist Katherine Grainger, winner of silver medals for Team GB at the Sydney 2000, Athens 2004 and Beijing 2008 Olympic Games.

Victoria commented: "It was pretty surreal and an amazing opportunity. We've learned so much from it and from being around people who have done so much in the sport."

The next challenge is the final GB trials in Belgium.

This will be Victoria's chance to impress and secure a place in the Under 23 GB squad and from there get a seat in a boat for the Under 23 World Championships in July.

We hope you will follow Victoria's journey with us and wish her every success in Belgium.



Victoria Thornley

PAYE Code Number Changes

If your local tax office sent you a demand to pay tax you would obviously take some interest in the issue - is this change correct? When do I have to pay it?

Would you feel the same if you received a notification of change to your PAYE code number?

Your tax code is set at the level at which you pay no tax. If your tax code is 600L, you can earn up to £6,000 a year (£500 per month) tax free. If towards the end of a tax year this reduces to say 400L, your annual tax free allowance will have dropped to £4,000. Depending on the degree of reduction and the timing of the adjustment, you may suffer an immediate and perhaps significant drop in your take home pay.

What to do?

Your tax code can be revised in a downwards direction for a number of reasons. Some of the more frequent causes are set out below:

- . State Pensions - your State Pension is paid to you with no deduction for tax. Unfortunately the pension is treated as income for tax purposes and if you are employed and in receipt of the pension, HMRC will seek to collect any tax due by reducing your tax code.
- . Benefits in kind - if your employer provides any form of taxable benefit, company car, health insurance etc.
- . Unpaid tax from previous tax years.

An interesting situation arises if the total reduction in a tax year exceeds your basic tax free allowance. For instance if at the beginning of a tax year your tax free allowance was set at £6,500, but your untaxed State Pension for the forthcoming year was £10,000, this would result in a negative code of -350. (£6,500 - £10,000). On your Notice of Coding this would be displayed as K350. A K code means that you have no allowances to set off against your salary before tax is calculated - in fact, in the example set out above, £3,500 will be added to your taxable earnings! An increase in a K code will increase your tax deductions and reduce your take home pay.

If you receive a notification that your tax code has changed do check it out, H M Revenue & Customs have been known to make mistakes!

Humour & Facts

Why did the easter egg hide?
He was a little chicken!

What do you get when you pour hot water down a rabbit hole?
A hot cross bunny

How do you post a bunny? *Hare mail*

Why can't a rabbit's nose be 12 inches long?

Because then it would be a foot!

- The name Easter comes from Eostre, an ancient Anglo-Saxon goddess, originally of the dawn. In pagan times an annual spring festival was held in her honour.
- Easter Bonnets are a throw back to the days when the people denied themselves the pleasure of wearing finery for the duration of Lent. By tradition, it was obligatory (or at least lucky) for churchgoers to wear some bright new piece of clothing - at least an Easter bonnet, if not a complete new outfit.
- The Guinness Book of Records holder for the largest Easter egg ever made is the Belgian chocolate producer Guylian who made the chocolate egg with at least 50,000 bars on behalf of the city of St. Niklaas. The egg measured 8.32 metres high . Twenty-six craftsman worked altogether 525 hours to build the egg. They needed 1950 kg of chocolates.

The 7 Leadership Skills Needed to Succeed in 2009!

1. **Enthusiasm** – Good delegation, coaching and informal, regular, feedback.
2. **Emotion** – Excellent listening and assertiveness skills, being open and honest with your feelings, developing awareness of your people and getting to grips with your work-life balance and that of your team.
3. **Explanation** – Less reliance on emails and make all communications face to face and two-way to ensure understanding.
4. **Engagement** – Invite your team to set their own goals and objectives and encourage participation in the decision making.
5. **Reward** – Give the right rewards to the right people at the right time and only include pay and other benefits at appraisals but praise people and recognise them constantly.
6. **Development** – Offer training and coaching to enhance skills and knowledge. Let individuals decide what they would like to achieve and ascertain the reason behind these requests.
7. **Trust** – Ensure you act fairly and reasonably at all times. Remain impartial and consistent. Deal with issues as they arise and never promise something you are unable to deliver.

2 Minute Business Tax Planning Health Check

Key Question	All OK	Needs attention
Are you satisfied that you are trading in the most tax efficient vehicle (e.g. Sole Practitioner, Partnership, LLP or Company)?	Yes	No/Don't know
Are you utilising your new annual investment allowance?	Yes	No/Don't know
Have you considered ongoing business tax incentives (e.g. tax credits for R & D expenditure)?	Yes	No/Don't know
Have you planned for succession and/or retirement?	Yes	No/Don't know
Is your remuneration as tax efficient as possible?	Yes	No/Don't know
Are you utilising pension provision advantages?	Yes	No/Don't know
Have you protected your intellectual property?	Yes	No/Don't know

If you have answered "No/Don't Know" to any of the above key questions, please contact us and we will be delighted to discuss what's important to you right now.

5 Tips to Surviving the Credit Crisis

Ensure credit control procedures are working properly. Customers will often pay those who shout the loudest, so, if necessary, make sure this is you.

Prepare management information – ensure that management accounts and cashflow projections are prepared regularly and are accurate.

Agree which key performance indicators are relevant for the business and report on these on a regular basis.

If necessary, monitor and update cashflow projections on a daily basis.

Send out invoices on a regular basis and where possible agree the invoice amount in advance. One of the most common delays to an invoice being paid is a query over the invoice.

Please call us if you would like to discuss this further.

CASH! Cash Control Crucial, Diplomacy Essential

As the recession bites, risks to cashflow increase with SMEs more likely to be on the receiving end. Chasing overdue invoices is uncomfortable and many of us fear that rocking the boat will sour relationships. The most vulnerable are those who have been lax in chasing debt previously. It is far too common for small businesses to allow 60 days to pass before chasing payment of invoices and this sends entirely the wrong message to customers! It is therefore essential to make it known that the rules of engagement have changed. Communication is the key. Final warnings and threatening letters rarely work. It is far better to telephone to explain the handling of future credit control.

Do You Need Help?

If you need a cash collection system which includes all the letters and telephone scripts you will need, please call us on 01244 343504 and we will be delighted to send you a copy.

Tax Diary April/May 2009

1 April 2009 - Due date for corporation tax due for the year ended 30 June 2008.

19 April 2009 - PAYE and NIC deductions due for month ended 5 April 2009. (If you pay your tax electronically the due date is 22 April 2009)

19 April 2009 - Filing deadline for the CIS300 monthly return for the month ended 5 April 2009.

19 April 2009 - CIS tax deducted for the month ended 5 April 2009 is payable by today.

1 May 2009 - Due date for corporation tax due for the year ended 31 July 2008.

19 May 2009 - PAYE and NIC deductions due for month ended 5 May 2009. (If you pay your tax electronically the due date is 22 May 2009)

19 May 2009 - Filing deadline for the CIS300 monthly return for the month ended 5 May 2009.

19 May 2009 - CIS tax deducted for the month ended 5 May 2009 is payable by today.

19 May 2009 - The payroll forms P35 and P14s must be filed by this date - employers late in filing these forms may receive a penalty.

31 May 2009 - Ensure all employees have been given their P60s.

DISCLAIMER - PLEASE NOTE: The ideas shared with you in this document are intended to inform rather than advise. Taxpayers circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.



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