

dmc newsletter

AUTUMN 2004

GREETINGS

As the Christmas lights go on and our minds turn to pleasant thoughts of mince pies and mulled wine, Gordon Brown turned his attention to whether he will still allow us to afford such luxuries. Last week he presented his Pre Budget Report and in amongst the usual inflation target announcements were hints of possible retrospective tax measures to come. Alongside the Chancellors statement the Treasury issued a discussion paper covering 'small companies, the self employed and the tax system' promising a major review of taxes for small and medium sized businesses. We will keep a close eye on developments. **So watch this space!**

STAFF NEWS

In this issue we feature Charlotte who joined dmc 6 years ago after leaving college and is now well on the way to completing her accountancy studies. As well as accounts and tax work she deals with many of our audit clients. Just in case you think accountants lead dull lives - Charlotte is an experienced scuba diver **and** recently gained her purple belt in karate (not a girl to be crossed underwater!).

PARTY TIME

Everyone at dmc is looking forward to the party season and of course the 'office party'.

Remember you can spend up to £150 per head per annum on staff entertaining without any tax charge on the employee. If you and your spouse are the only company employees, you could blow the £300 budget on dinner at the Ritz, **but** spend any more and **none** of it is allowable - the revenue just don't have a sense of occasion.

CHRISTMAS HOLIDAYS

Our offices are officially closed from 25th December - reopening 4th January but we will of course be dropping in to pick up any messages.

May we wish you all a very Happy Christmas and a prosperous New Year

LATEST REVENUE ATTACK

The taxman is again targeting the status of self-employed workers. If you carry out work for someone, it suits the revenue to regard you as an employee rather than self employed - that way you pay more tax **and** they get it earlier. This is an area Tax Inspectors look at when a business has a PAYE visit, trawling through your cashbook for evidence of anyone you pay on a regular basis who is not on your payroll. Recently the Revenue targeted the construction industry sending out around 60,000 letters suggesting that they regard many subcontractors to be employees. This amounts to scare tactics as in most cases the Revenue has not carried out a proper review. For many contractors their subbies are genuinely self-employed. The problem is that there are no clear rules but rather a series of tests which build up an overall picture. In order to protect the self-employed status of your subcontractors and avoid having to put them on your payroll, there are certain basic steps you can take. One important point is to make sure that a correctly worded self-employed contract is in place.

We have available

- a simple model contract which you can use
- a checklist to help you run through the tests

E-mail or phone if you would like copies.

LIMITED COMPANIES

Many people who were previously self-employed now operate through limited companies and this can still result in excellent tax saving opportunities. Each situation is different so it is important to check whether it is right for you. Two influencing factors are whether the existing business is a partnership and how your cars are to be treated in the company.

Turn over for more tax issues on vehicles