

Changes to Company Law

On 8th November the new Companies Act received Royal Assent. With 1500 clauses it is the single largest piece of legislation ever made. Most provisions in the Act will come in over a period of time with the intention that they will all be in force by October 2008. For small companies the key changes are:-

- Simplification and de-regulation of the legal requirements for running private companies such as removing the need for company secretaries and simplifying the company's articles. For existing companies transitional provisions will be announced.
- Directors will have the option to file a service address on public record rather than their private address.
- The most publicised change is the inclusion of 7 key 'directors duties' in the Act itself making these a statutory requirement. However, 6 of these were requirements already established by case law. The only really new provision is that directors are now required by law to promote the success of the company including considering how their decisions affect employees, the environment, the community and their suppliers..... but hopefully directors are already doing all of that anyway.
- Some reports point out that shareholders can sue the directors for breach of duty but for the vast majority of owner managed businesses this would mean suing yourselves - a step not many people would take ! There are also safeguards to prevent unfounded cases.
- One change that comes into effect by 31st December 2006 is the need to disclose the company's registered name and number on Company websites and order forms.

Tax Titbits

- Sometimes the taxman will pick your accounts or records for enquiry. It is of course necessary to keep your receipts for six years to support the expenses and costs you are claiming, but it is also important to be able to identify the source of any unusual income you receive especially if it is not taxable. The chances are you will have forgotten what odd sums were for e.g. reimbursement from friends for a holiday trip or a gift from your parents - it is worth just noting on your bank statements what such amounts received relate to while you can still remember.
- Did you know there are many ways you can receive tax relief on loans that you take out. For example if your company needs more funds, you can borrow this privately and then lend the money to the company as a director's loan. If the company pays you interest it will be entitled to tax relief. You will have tax relief on the loan interest you pay and providing this is the same as the interest you receive your position is tax neutral. You can draw back the funds to repay your loan from the company.
- There are also ways of borrowing on your own house in order to finance buy to let and commercial properties and receive tax relief on the interest paid.
- By looking at your business and property assets we may be able to find a way of obtaining tax relief on existing loans where you currently have no relief - if you think this may apply then give us a call.

Bank Penalty Charges - Reclaim Them!

Are you aware that you may be able to claim back penalty charges that you have incurred for:- unauthorised overdrafts, returned or bounced cheques, direct debits and standing orders. You can go back 6 years and this could amount to a really substantial sum - contact us for more details.

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