

# dmc newsletter

## SPRING 2005

### WELCOME

As we approach the impending General Election we enter a period of rumour, counter rumour and speculation. We don't know what's in store from a new government; the only certainty is what was announced in the recent budget and overleaf we highlight some of the main items. Here, at dmc, we are about to experience some personnel changes as two of our longest serving staff members leave to take on new and very different challenges. John, who is now an expert in survival techniques, is moving on at the end of April to pursue other interests. Liz is also leaving in the summer to take on the hardest job in the world - becoming a Mum. We all wish them both every success and joy in their new ventures - don't worry the rest of us will still be here to look after you.....

### DON'T BREAK THE LAW

#### Contracts of Employment

Did you know that by law you must provide all employees with a written document containing certain terms and conditions of their employment. This can be as simple as a written statement of the main particulars. There used to be an exemption for employers with less than 20 employees but from 1<sup>st</sup> October 2004 that was removed. **Documentation needs to be in place even if you only have one employee.** If you haven't yet set up the necessary paperwork then **we have a fact sheet showing the information that must be included.**

Remember we also have available for the self-employed:-

- A checklist to help you run through the tests of self-employment
- A simple model contract, which you can use to help establish your self-employed status

**E-mail or phone if you would like copies of any of the above**

### HOW TAXING IS ENTERTAINING

If you run a business you can put all work related entertaining costs through the books. Some of these will be eligible for tax relief and some not.

**What about entertaining customers or suppliers** - no matter who they are or where they are located this is not tax deductible.

**What about the costs of entertaining staff** -

As long as you can keep the amounts over the year to less than £150 per person then not only are these costs allowable but there is no taxable benefit on the employee either.

**What about meals if I am out on business for the day** - this would be subsistence costs and providing it is away from the normal place of business and is reasonable you can claim tax relief on these costs.

Remember if you are away on business and have lunch with a customer then your part of the bill is deductible (subsistence) but theirs isn't (entertaining).

VAT follows the same basic rules; it can be claimed back on subsistence but not on entertaining costs.

### PENSIONS

There are major changes due to be brought in next year (April 2006). These are intended to simplify the various existing tax regimes with one universal regime for all tax-privileged pension schemes. The final details are still to be announced during the course of this year.

We don't all contribute to private or occupational pension schemes, however most of us will be entitled to a government pension when we reach that 'certain age'. We are currently undertaking state pension forecast reviews for our clients to establish whether there is any scope for topping up contribution history in the last six years. **We will be in touch with all of you in this regard over the coming months**