



Helping you make Wise Financial decisions today!



Not surprisingly, saving tax is always uppermost in Wise & Co. clients' minds. In addition to the planning advice we offer – for both corporate and personal tax – we also want to ensure our clients get the very best personal financial planning advice too. We are therefore delighted to announce the launch of Wise Financial Solutions, our new independent financial advisory service.



Guy Freeman



Martyn Lodge

At the heart of our new service we have two experienced, highly-qualified advisers – Martyn Lodge and Guy Freeman – who will provide personal and individually-tailored

independent financial advice to each of our clients.

Asked about the value of the Wise Financial Solutions service to clients, Martyn commented, "In the current economic climate, thorough financial planning makes absolute good sense. As we see it, one of the principal purposes of this service is to provide dynamic financial planning advice which is integrated with the tax planning services Wise & Co provides, making the whole process more streamlined and time-efficient.

"Operating from the Farnham and Pinewood offices will help this process enormously. Guy and I will be working closely with partners and

individual clients so that we have a detailed picture and context before we give any advice."

Roger Wise is pleased to see the new team on board and adding value to clients straight away. "When I started Wise & Co. all those years ago my aim was to create a different type of practice with a proactive and relevant approach – and Wise Financial Solutions is a great example of exactly that. I'm delighted to see Martyn and Guy here and hope that many of our clients will take advantage of their considerable expertise."

See pages 2 and 3 of this edition for some immediate good advice on the tax-efficient use of ISAs and pensions.

Wise Financial Solutions is a collaboration between Wise & Co and a Chartered Independent Financial Adviser (IFA) firm. Chartered status is the highest level IFA accreditation and reflects the depth of expertise available via this new service. Wise Financial Solutions is a trading style of Cobra Professional Partners, an appointed representative of Cobra Financial Services Limited which is regulated by the Financial Services Authority.

In this issue:

● **VAT headlines**
Overseas sales, gaming machines and VAT on entertaining

● **Tax headlines**
Holiday lettings, tax payment dates and scams!

● **Wise Financial Solutions**
ISAs and pensions - use your tax free allowances wisely

● **Practice News**
Wise & Co. sponsors WiFi in Gostrey Meadows

THE NEWS

VAT headlines



By Steve South

A few rule changes that may be of interest to you ...

VAT and overseas sales

If you supply businesses abroad with services, the customer will account for VAT in the country of receipt, relieving the UK supplier of some admin. This is known as 'reverse charge' and the recipient business declares Output VAT on the services received and then recovers this as Input VAT. You don't necessarily need to check if your customer is VAT registered but you should check that they are a business entity, as different rules apply to 'consumers' (below).

For non-business customers (ie. sales direct to consumers) in the EU the place of supply remains the UK and you must therefore charge VAT. This applies to all services within the EU, though some services outside the EU are not liable to VAT (eg. accountancy, legal and consultancy).

We are aware that some customers may have 'drifted' into sales abroad via internet sales and may not be entirely clear on these points.

VAT on entertaining

If you have been entertaining clients over the Christmas period you need to be aware that:

- VAT can only be reclaimed for employees – for everyone else (clients, wives, partners and so on) VAT is payable and non-reclaimable.
- Entertaining includes the provision of food, drink, tickets and entertainment.
- VAT on staff parties can be reclaimed in full.
- Where spouses and guests are invited to a staff event, only the staff portion can be reclaimed. However, if the guest or spouse has paid for their inclusion then VAT can be reclaimed on the whole event.
- If the event is for another purpose (eg a seminar), then only the 'entertainment' element is affected – eg. associated catering – even if there is a demonstrable business reason for putting on the event.

VAT on gaming machines

Following a court case, lottery games are now exempt from VAT. So clients with gaming machines – pubs and clubs etc. – may have overpaid VAT on their takings. The games affected are lottery type games – the case concerned involved Bingo – and you might want to consider a retrospective VAT claim.

If you are in any doubt contact Steve South, our VAT Partner.

Using ISAs to best tax effect



As the 5th April tax-year-end is almost upon us again, it's worth re-visiting your ISA allowance and how it can be used effectively:

The overall ISA investment limit, per person, is £10,200 of which a maximum of £5,100 can be invested in cash deposits. There is ...

- no income tax on cash deposits
- no capital gains tax on stocks & shares
- no income tax on the income from Gilts or other Fixed Interest investments
- no higher-rate tax on the dividend income from shares (basic rate tax is satisfied by the pre-payment of tax on share dividends which is deducted at source)

These tax benefits apply within the ISA fund itself. In addition there is no personal tax liability when you withdraw income or capital from an ISA.

Comment

This allowance is not chicken-feed. Couples can now shelter £20,400 per annum from tax. Put another way, this adds up to over £100,000 in a five year period!

Gordon Brown famously stopped ISAs (and Pension funds) re-claiming the tax paid at source on share dividends. Since then there has been no income tax benefit for basic rate tax-payers holding shares through an ISA. There are, however, still significant advantages for higher rate tax-payers and those whose capital gains exceed the annual capital gains tax allowance.

Tax headlines



By Sharmini Woodings

Furnished holiday lettings

If you own a holiday home which you rent out for part of the year, there are some new rules that you will need to be aware of...

- From April 2011, you will only be able to offset losses against other future furnished holiday lettings- ie. you can't offset losses against other income sources.
- Proposed from April 2012, the number of days the property must be available for letting is to increase from 140 days to 210 days per tax year. This will impact people who only let their property for the summer 'season' (eg. May to September); it will need to be much more of a year-round rental (eg. March to October) to qualify.
- Plus the actual minimum period of letting will increase from 70 days (10 weeks) to 105 days (15 weeks).

PAYE - Class 2 NI payment dates changed

Just to warn you that payment dates for Class 2 NI are changing to 31st January and 31st July for the 2011-2012 tax year.

If you currently pay by monthly direct debit, there will be a pause in payments and then a lump sum on each of the due dates. Quarterly billing will also stop.

Tax scams - beware email, telephone AND postal offers

We are all pretty much used to our email inboxes being besieged with tax scams and many other very missable offers (thank heaven for junk mail filters!) - but now it seems the invasion is moving to more traditional methods. We have had reports both of telephone and postal tax scams with offers to complete forms by phone, or directing you to scam websites.

The golden rule as ever is - DON'T! HMRC would never communicate with you that way - nor would your bank. If you make a response you risk find yourself being besieged with mail and phone calls.

Paying tax online

From April 1st this year HMRC are encouraging you to pay your tax bill electronically, as well as submitting forms online. This includes CT interest and penalties.

- Cheques will still be accepted but the payment date will be the date that funds clear, not the day the cheque arrives as is the current practice.
- Electronic payments can be by either BACS direct credit, internet / telephone banking or CHAPS.

For full details of how to pay your tax bill go to ...

Self assessment ...

www.hmrc.gov.uk/payinghmrc/selfassessment.htm

Corporation tax ...

www.hmrc.gov.uk/payinghmrc/corporationtax.htm

And VAT ...

www.hmrc.gov.uk/payinghmrc/vat.htm

Pensions update



Tax relievible contributions have reduced from £255,000 to £50,000

Key changes were introduced on 14 October 2010, changing the maximum annual amount of tax relievible pension contributions. It was £255,000 - now it's just £50,000. You may be eligible to

bring into 2011/12 any unused deemed allowances from the previous 3 years, although there is quite a bit of small print to consider in this regard.

So who, particularly, needs to take advice now?

Simply, anyone who has paid pension contributions of over £50,000 in the current tax year (this includes both employer and personal contributions) unless all these pension contributions were paid before 14 October 2010. There are potential options to remedy problems caused by the new rules but advice is required.

Note: Annual allowances are not the only criteria that effect the the granting of tax relief on pension contributions or the taxation of pension funds, pension income or lump sum benefits.

Congratulations!

Well done to Anna Samuel and Nicky Jones for recently qualifying as AAT and to Ulyana Berry for completing her ACCA exams. Wishing you all the best of luck in the future.

We are also pleased to announce the promotion of three of our Audit & Accounts seniors and one of our Tax seniors into supervisory roles



Above: Anna Samuel (left) and Nicky Jones (right).



Right: Ulyana Berry.



Left: (Left to right) Liz McGrath, Mark Criddle and Elise Pullen. Kelly McGuire (in the front) is the new Tax Supervisor.

Paris here he comes!

Our very best wishes to Gary Cottrell, one of our clients, who is in training for the London2Paris bike ride in support of the Samantha Dickson Brain Tumour Trust (in memory of Andy Petersen). He is well on his way to his fund raising target of £1350 and is obviously very happy to accept all donations to this great cause.

He'll be cycling over 300 miles in all over four days, so all the training he is doing is going to count!

If you'd like to follow his blog <http://l2pbiker.blogspot.com> or to help him with fundraising go to www.doitforcharity.com/garyc



A picture perfect retirement



We are, of course, very sorry to be losing Kevin Birch to retirement at the end of March this year. He is an enthusiastic amateur photographer and we are delighted to feature below one or two of his fabulous creations.

He started out in 1967 when he qualified and started his business, Birch Sergeant, in 1980. Kevin joined Wise in 2004 when his practice merged with us. He brought his considerable portfolio of barrister clients with him and has been a key part of the team ever since.

Asked for something memorable to say, he commented ... *"I know it's time to retire. Whenever I go into a room full of people I should know, the only name that comes to mind is my own".*

Good luck from us all Kevin – we look forward to seeing more of your creative output when you stop in and visit us.



Kevin specialises in taking picture of people in his spare time – but it looks like it wasn't all hard slog!

Gostrey Meadows goes cyber with Wise & Co WiFi!



We are delighted to be creating Farnham's first free public WiFi service in Gostrey Meadows, right next to our offices. We are working with Farnham Town Council and the service should be available from some time in March.



Big cost savings with SAGE software

If you are interested in updating your Sage Accounting Software, don't forget that we are authorized resellers and can offer significant savings over 'retail' prices. Take a look at our dedicated website ... www.accountingsoftwareuk.co.uk

Wise & Co

Wey Court West, Union Road, Farnham, Surrey GU9 7PT
Tel: (01252) 711244
Fax: (01252) 737221
email: info@wiseandco.co.uk
www.wiseandco.co.uk

Wise Financial Solutions

Wey Court West, Union Road, Farnham, Surrey GU9 7PT
Tel: 0208 256 1970
mlo@wisefinancialsolutions.co.uk & gfr@wisefinancialsolutions.co.uk

Wise & Co Pinewood

Room 245, Pinewood Studios, Iver Heath, Buckinghamshire SL0 0NH
Tel: (01753) 656770
Fax: (01252) 737221
email: info@wiseandco.co.uk



WISE & CO

Chartered Accountants
& Business Advisers

Registered to carry out audit work and regulated for a range of investment business activities by the Institute of Chartered Accountants in England and Wales. This newsletter has been written for the general interest of our clients. We believe that the facts are correct as at February 2011 but there may be some unintentional errors or omissions. It is therefore essential to take advice on specific issues. We cannot be held responsible for the consequences of any action taken upon the information contained herein without our express consent.