

# CTA & CTH Newsletter

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March 2011

## Special points of interest:

1. Budget & Other Stuff
2. We Hate The Taxman!
3. CTA Matters

### 1. THE BUDGET & OTHER STUFF

#### ANOTHER DAY ANOTHER BUDGET



#### **A LOOK at the BUDGET**

Welcome back to another look at what our political masters have in store for us over the next Tax year.

Ozzie and Sharon's son has come up with about as exciting a Budget as dear old Gordon or Darling Alister ever came up with. Incidentally he doesn't look a bit like Ozzie does he? I don't know if he looks like Sharon, because no one knows what she looked like before the plastic surgery and Botox.

However, he has come up with a Budget 'to fuel growth' and then he has reduced fuel prices! Economics is so confusing isn't it?

Apparently inflation is now 4.4%, growth is forecast at 2.5% and the country is in the sh\_t, sorry, and the public sector borrowing requirement is £146 Billion.

According to Georgie, the Government is about to embark on a massive programme of spending cuts to cut the deficit, the market interest rate is 3.6% and **THIS IS OUR STIMULUS FOR ECONOMIC GROWTH! UGH???** I told you economics is confusing.

I can't see a lot to get excited about, but these are the main provisions of the Budget (calm down, calm down!).

1. As we are all so miserable and we have been driven to drink, there is yet another increase in alcohol duty! Beer up 4p a pint, wine 15p a bottle and 54p on a bottle of spirits. Petrol has gone down a penny a litre! God I must go out and fill my tank! Unfortunately the poor old smokers still get caned by 2% on the duty.

2. Income Tax Rates, stay the same, but personal Allowances which go up by £1,000 on the 6<sup>th</sup> of April 2011, will go up another £600 next year, which will benefit the lower paid especially, but the figure at which 40% tax is paid drops from £37,400 this year to £35,000 on 6<sup>th</sup> of April, so if you earn decent Profits you will probably pay more Tax.

3. National Insurance Although the threshold 6<sup>th</sup> of April. For the Self Employed Class 2 NI goes up to £2.50 per week and the Class 4 percentage on Profits over £7,225 is 9% instead of 8%. As usual they give something back i.e. Tax and take something else i.e. more NI.

4. Corporation Tax for large Companies is being cut from 6<sup>th</sup> April from 28% to 26% with the aim of reducing to 23% in 2 years time. Corporation Tax for small Companies will be cut to 20%. The bank levy will be increased so the Banks do not benefit from the cuts in Corporation Tax. Hooray! Especially as they got us in this mess in the first place!

5. Planning Regulations will be relaxed (!)

6. First Time Buyers to get Loans A new scheme is being introduced called the First Buy Scheme, which should allow first time buyers to buy houses with just 5% deposit, with the Government and House builders putting up the other 10% each, so they get a 75% loan. They will still have to repay the 95%, but at least it is a step in the direction. This is for new build properties only.

7. Potholes! My favourite provision in the whole budget is, there will be £100 million for repairing potholes in England! Where did they get that from? Not that they do not need repairing, but who is going to get the money? The National Pothole Repair Organisation? Small businesses – Potholes R Us Ltd? or the Councils who will take the money and spend it on something else – Councillors goodwill trips to China, maybe?

There are of course various other provisions relating to the economy, but all this tinkering pales into significance when compared to all the massive cuts in public expenditure.

As far as Small Businesses are concerned there is very little, although the First Buy Scheme may help to get the Housing Market moving a bit.

Most of the measures seem to be aimed at large Businesses, such as Corporation Tax reductions and easing planning regulations, probably so they can build where they want to. How about a Strip Club next to a Church? (I'm just popping next door to see someone defrocked, my son) or a Block of Flats next to Stonehenge (That sounds good, all that rent and we can still see the Summer Solstice)

I heard Dave the Rave telling us he was the friend of Small Businesses the other day, but that is a bit rich coming from an old Etonian, but not much different from dear old Tony, who went to Fettes Public School, being the Leader of the Labour Party and the friend of the Working Man.

As usual we just have to pick up the scraps and get on with it and make our businesses work in spite of the Government.

It seems strange that the Country is in such economic trouble but we can afford to send planes and cruise missiles to fight in Lybia! Apparently we do not even know who we are supporting! As usual wherever there is oil involved we are fighting!

## 2. WE HATE THE TAXMAN!

I also notice that the Government is asking the Revenue to clamp down on Tax Avoidance. But in actual fact Tax Avoidance (arranging your affairs to minimize your Tax Liability) is legal and Tax Evasion is illegal. As our MP's were all exposed as the biggest load of crooks ever for fiddling their expenses, I am double amazed! How can they stop all of us doing something, which is perfectly legal, after what they have been up to?

On the subject of the Inland Revenue, I have been passed a copy of a letter from the Revenue to a Taxpayer. The friend who passed it to me thought it might be a reply to one of my letters!

"Dear Mr Blank,

I am writing to you to express our thanks for your more than prompt reply to our latest communication, and also to answer some of the points you raise. I will address them, as ever, in order.

Firstly, I must take issue with your description of our last as a "begging letter". It might perhaps more properly be referred to as a "tax demand". This is how we at the Inland Revenue have always, for reasons of accuracy, traditionally referred to such documents.

Secondly, your frustration at our adding to the "endless stream of crapulent whining and panhandling vomited daily through the letterbox on to the doormat" has been noted. However, whilst I have naturally not seen the other letters to which you refer I would cautiously suggest that their being from "pauper councils, Lombardy pirate banking houses and pissant gas-mongerers" might indicate that your decision to "file them next to the toilet in case of emergencies" is at best a little ill-advised. In common with my own organisation, it is unlikely that the senders of these letters do see you as a "lackwit bumpkin" or, come to that, a "sodding charity". More likely they see you as a citizen of Great Britain, with a responsibility to contribute to the upkeep of the nation as a whole.

Which brings me to my next point. Whilst there may be some spirit of truth in your assertion that the taxes you pay "go to shore up the canker-blighted, toppling folly that is the Public Services", a moment's rudimentary calculation ought to disabuse you of the notion that the government in any way expects you to "stump up for the whole damned party" yourself. The estimates you provide for the Chancellor's disbursement of the funds levied by taxation, whilst colourful, are, in fairness, a little off the mark. Less than you seem to imagine is spent on "junkets for Bunterish lickspittles" and "dancing whores" whilst far more than you have accounted for is allocated to, for example, "that box-ticking facade of a university system."

A couple of technical points arising from direct queries:

1. The reason we don't simply write "Muggins" on the envelope has to do with the vagaries of the postal system;
2. You can rest assured that "sucking the very marrow of those with nothing else to give" has never been considered as a practice because even if the Personal Allowance didn't render it irrelevant, the sheer medical logistics involved would make it financially unviable.

I trust this has helped. In the meantime, whilst I would not in any way wish to influence your decision one way or the other, I ought to point out that even if you did choose to "give the whole foul jamboree up and go and live in India" you would still owe us the money.

Please send it to us by Friday.

Yours sincerely,  
A. Taxman "

### 3. CTA MATTERS (DOES IT?)

Moving away from Dave and Georgie and Cleggie, I would like to tell you about a few initiatives we are taking, which will be to your benefit, as Clients.

#### 1. New Accountant

I have taken on Paul Billing who is a very experienced Accountant to help me with the running of the firm, which should make things a bit easier for me and hopefully even more helpful for you. All the lovely ladies in my team are still here just waiting for your calls, plus young Chris, who is not so lovely, but just as helpful. I am sure you will find Paul just as helpful as me, but not half as clever, of course!

#### 2. Taxman Scheme

Those Clients who have had Tax Investigations this year will be glad that they took out our Taxman Investigation Protection Scheme (TIPS), which covers the full cost of the work involved, fighting your corner against the Revenue. We enclose an explanation and application form. Please complete and return with payment, to be protected.

#### 3. New Penalties from Inland Revenue

From April 2011 there are now Penalties for filing the 2011 Tax Return late and for paying late. The most obnoxious is a fine of £100 for filing even one day late (even if you owe no Tax or you have already paid all you owe) This is frankly outrageous! We are back to my gripe about hidden Taxes. You owe nothing, but because a piece of paper saying this is not received you are fined! What for? Is it a crime? Why does no-one fight these stupid rules. The Government relies on our meek acceptance of anything they demand. I have a Client, whose Tax was wrongly calculated by the Revenue and who is actually due a Refund who has been reduced to tears by demands for immediate payment when they owe her money!

The bullying tactics of the Revenue need challenging, not accepting.

### **HMRC BULLETIN** **2010/11 New Tax Return Late Filing and Late Payment Penalties**

With the end of the current tax year fast approaching, here is a timely reminder about the changes being made to the penalty regime for late filing of the 2010/11 returns and late payment of the tax.

The 2010/11 notice to file a tax return will be dropping through your letterbox shortly after 6 April so don't delay. Let us have any requested information as soon as you can in advance of the 31 October and 31 January deadlines and help us to help you avoid these penalties.

From April 2011, if you don't file your tax return or pay your tax on time the penalties you will have to pay are changing. The more you delay the greater the penalty.

#### Penalties for filing late

- § One day late and you will be charged an initial penalty of £100 (even if you have no tax to pay or you have already paid all the tax you owe).
- § Three months late and you will be charged an automatic daily penalty of £10 per day, up to a maximum of £900.
- § Six months late and you will be charged further penalties, which are the greater of 5% of tax due or £300.
- § Twelve months late and you will be charged yet more penalties, which are the greater of 5% of tax due or £300. In particularly serious cases you face a penalty of up to 100% of the tax due.

#### Penalties for paying late

- § Thirty days late and you will be charged an initial penalty of 5% of the tax unpaid at that date.
- § Six months late and you will be charged a further penalty of 5% of the tax that is still unpaid.
- § Twelve months late and you will be charged a further penalty of 5% of the tax that is still unpaid.

These penalties are additional to the interest you will be charged on all outstanding amounts, including unpaid penalties, until payment is received.

Love Georgie xx



#### 4. Direct Debit

As a service to customers, we are willing to accept Standing Order or Direct Debit Payments to cover next years Accounts, over a 10 month period. If you wish to pay this way, as soon as your latest Accounts are finished and paid for we can set up a Standing Order or Direct Debit to pay the next years Accounts by 10 equal instalments. Obviously the Accounts fee will be fixed at the previous years figure, but as an incentive a 5% discount will be given as well. A good deal and no big year end bill to worry about!

#### 5. New Clients

We continue to grow by recommendation, largely from our present Clients and want to thank all Clients who have recommended us to their friends and fellow businessmen and women.

For the coming year any Client who recommends someone who actually becomes a new Client will receive a voucher entitling them to a 5% discount off the cost of their next set of Accounts. It is our way of saying thank you to all our friends in business.

#### 6. Sorry!

Apologies for not being around for a few days, which has delayed this exciting, action packed, up to the minute...thingy, but I have been in hospital having a cataract operation, which means I can now clearly see where we are going, or do I mean where we have been? I came out of hospital with a patch doing the "Ah hah Jim Lad'", bit but they have calmed me down and I am now as boring as ever, again!

As usual Best Wishes and Good Luck for a successful year from all the Team.

Kind regards,

Tony

