

NEWSLETTER

URGENT! **“Self** **Assessment** **Tax** **Returns”**

If we have not completed your tax return for the year ended 5th April 2006 could you please ensure all relevant information is delivered to our office as soon as possible to ensure prompt submission of the return.

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New offices

Having been in the new offices for over two months we could not have envisaged such a successful move. With everything at our fingertips in such a pleasant environment we are confident in continuing to provide an efficient, prompt and pleasant service, which our clients rightly expect

As a few of our clients have noticed the premises do not have a letter box for security purposes, unfortunately this is a sign of the times, however such deliveries can be arranged by prior arrangement at various times out of office hours.

Very rarely the front car park can become full. On such occasions clients can drive round the building and park at the rear. Access to our front door is then by walking along the front side of the building.

We are still waiting for signs to be erected on the building.

NEW CONSTRUCTION INDUSTRY SCHEME (NEW CIS)

The new CIS scheme starts on 6th April 2007 and the main points of the scheme were highlighted in our July 2006 newsletter.

In November HMRC contractors will receive a list of subcontractors they have been paying since April 2005, these subcontractors will not require verification. If the list is wrong you have until March/April 2007 to amend it when the final list will be issued.

(ADVICE: Please ensure all vouchers are copied and submitted as soon as possible).

£250 REVENUE INCENTIVE PAYMENTS FOR P35'S SUBMITTED BY OURSELVES ELECTRONICALLY

Could all clients who used our services to submit the 2005/06 PAYE end of year returns electronically and expect a cheque from the Revenue please contact our office and confirm this has been received.

To the three clients who have not yet received their 2004/05 payment, be assured we are still on the case.

NEW REVENUE INITIATIVES

For whatever reasons, and my own suspicions will not be aired in this newsletter, the Revenue are adopting various ploys to unsettle clients by making contact suggesting their affairs may need reviewing. One such letter states they will no longer be issuing the taxpayer with a tax return in future, very clever for the Revenue when often it is the case that our clients are due refunds. (ADVICE: If you no longer need to submit a tax return we will advise you, not the Revenue).

Another letter requests you to check your tax return to ensure all income is correct and that expenses are correctly tax deductible (ADVICE: Pass the letter onto ourselves).

Some Inspectors are even ringing clients direct with what he claims are small matters which can be resolved without your accountant. (ADVICE: Be polite and request he puts his request in writing or contacts ourselves).

SPECIAL OFFER TO EXISTING CLIENTS

Many of our clients have requested us to look at the tax affairs of their parents, grandparents, elderly friends and relatives.

It is clear from this that many are overpaying tax, mainly through deduction at source, and consider a consultation

with a tax practitioner unnecessary and costly.

It is with this in mind that if you know of such a person we will **at no charge** check their tax situation for the last tax year to 5th April 2006. Only if a refund is due will we make a charge, and

remember we are able to go back six years if the same situation occurred.

We can also advise on possible Inheritance Tax problems and the making of tax efficient wills.

DSS – Letters re: Unpaid Contributions

Many of our clients are receiving computer generated letters regarding unpaid national insurance contributions. Although these letters are often misleading, incorrect, and issued with little thought they should not be ignored. If you are unable to deal with these yourself (and the best of luck trying to get any response from the DSS in Longbenton) please direct the letter immediately to our office for us to deal with.

We're on the Web!
www.northfieldacc
ounting.co.uk

Tax and Property

We have been dealing with many enquiries about property investment and the use of your private residence. Here are a few tips :

When you next move house

Instead of selling your old home, you could let it, so that the rent covers the mortgage interest and other expenses. Then when you eventually sell the first property, its increase in value for the time you occupied it as your main home will be exempt from tax. The last three years worth of gain will also be exempt. In addition, you can claim a further tax exemption of up to £40,000 per owner because the property has been let. With the benefit of all these reliefs, you might find the gain on the let property is more or less tax free.

Let rooms in your own home

The income is completely tax free up to £4,250, though above that level the rent is taxable. But if the rent is much higher than this, check whether the normal

approach of paying tax on the income after deducting allowable expenses is more tax efficient.

Invest in furnished holiday lettings (FHL)

They qualify for many tax advantages. A residential property situated anywhere in the UK can qualify as an FHL if it is let to the general public for at least 70 days a year in short periods of up to 31 days. So even a city flat can qualify. If your property qualifies as an FHL, you will benefit from business taper relief after two years. What is more, any losses you make on running the FHL business can be set against your other income, unlike losses on other property.

Make sure you let your commercial property to a tenant who operates a trading business

The property will then be treated as a business asset for taper relief purposes, which means you get up to 75% discount on your taxable gain when you sell the property, ie potentially an effective rate of tax on the gain

CCH FEE PROTECTION POLICY

Renewals for the year commencing 1st January 2007 will shortly be issued.

For those clients not participating in this scheme we strongly urge you to consider the benefit of this insurance which covers our fees should you be investigated by the VAT or Revenue authorities. This enables us to provide the most thorough defence without the pressure of mounting fees which on occasions can allow the revenue to achieve higher settlements.

An additional benefit of the scheme is that clients have free access to telephone advice lines in such matters as Employment, Health & Safety, Payroll, Law, Debt Collection and many other matters.

Please contact our office as soon as possible if you require any further information on the scheme.

USEFUL WEBSITES

H M Revenue & Customs
(www.hmrc.gov.uk)

Companies House
(www.companieshouse.co.uk)

CCH
(www.woltersklower.co.uk)