

Special points of interest:

Our telephone numbers have changed; our Leeds office number is now 0113 244 3502

Deadline for paper tax returns is now 31 October, whilst for online returns it remains 31 January. Eaves and Co are registered for online filing with HMRC

The personal allowance for individuals increased from £5,435 to £6,035 from 7 September 2008

Key Points:

Protect assets through careful restructuring and planning

Review contracts with contractors

Seek advice from tax specialists if in any doubt

Taking Legal and Insolvency Practitioner advice would be prudent.

Protect Your Assets

Restructuring

In the current economic climate, certain trades may find cash flow difficult.

With this in mind, many businesses may wish to protect their valuable assets from creditors.

Business owners could consider the insertion of a holding company above the trading company.

The assets are then transferred to the holding company, whilst the trade continues in the trading

company.

This can be a very effective method of protecting assets. However, there are various matters that need to



be considered to make the restructuring tax efficient and to make sure the

assets are held securely away from the creditors of the trade.

Potential pitfalls arise in the form of VAT, Stamp Duty and Corporation Tax.

We have extensive experience in dealing with this planning and would be happy to talk about your situation.

Please contact Eaves and Co, Specialist Tax Advisors, with any questions on this or other types of business restructuring.

Other Protection Techniques

Pensions

A company could transfer its valuable assets to a



pension scheme.. As well as protecting the assets, this has two key benefits.

The company should be able to get a Corporation Tax deduction for the contribution, and the future growth in value of the asset will be sheltered from tax.

Losses

Group structures should be reviewed to make sure any losses can be utilised effectively, and at the earliest possible opportunity.

LLP

Unincorporated businesses could consider Limited Liability Partnership arrangements or a private limited company. This can help to remove the potential of personal liability for business debts.

Entrepreneurs' Relief

With the announcement of the new Entrepreneurs' relief, businesses should review the availability of relief for all shareholders (including spouses), and look for ways to improve the situation, if appropriate.

IHT Planning

Effective IHT planning is important, not just for tax reasons, but also to ensure that your possessions pass to their intended destinations.

A Will is essential for ensuring the continuation of your business, as well as ensuring that as little as possible is lost in tax.

“In reality all cases need to be reviewed on an individual basis, however it will be important to ensure that contracts are coherently written to reflect the working arrangements.”

New Penalty Powers

A new penalty regime came into effect for errors in returns and other documents. The new penalties apply for periods starting on or after 1 April 2008 that are due to be filed on or

after 1 April 2009.

In order to protect your



business from HMRC's new powers, it is prudent to ensure you have taken specific written advice on areas open to interpretation.

Such action should mitigate exposure to penalties.

Contractors and IR35

An IT contractor recently lost his appeal at the High Court.



He had conducted his work through a company, Dragonfly

Consulting Ltd, and had a series of contracts via an agency with the AA.

The High Court found that he would have been an employee had the

intermediary company not been present, and so was liable to employers' National Insurance and PAYE.

The key points of the case were the issues of substitution and control.

His contract contained a clause stating that substitution was permitted with prior consent. However it was deemed that no real right to substitution existed where prior consent was

needed.

In terms of control, the point was lost because the AA reviewed his work and assigned him tasks, therefore they had control of how the work was done.

Eaves and Co can assist by reviewing contracts and providing advice on a case by case basis and helping with any issues as they arise.



Leeds Office

12 York Place
Leeds
LS1 2DS

Tel: 0113 244 3502
Fax: 0113 242 5994
Email: pdavison@eavesandco.co.uk

Southport Office

11 Part Street
Southport, Lancashire
PR8 1HX

Tel: 01704 548698
Fax: 01704 533586

Email: peaves@eavesandco.co.uk

Partners: Paul Eaves and Paul Davison

WWW.EAVESANDCO.CO.UK