

Summer Newsletter



Overseas Properties

While more people enjoy the luxury of owning a property overseas, many do not appreciate the tax implications that go with it. For example, experience shows that clients often do not even consider the tax implications of their holiday home. Property bought through an offshore trust or company could have many adverse tax consequences, if not properly structured. Naively, many people think “offshore” matters are outside UK tax.

The Revenue have been exchanging information with other Tax Authorities/Banking Institutions to build up a general data base on offshore assets. They are planning an extensive investigation campaign.

The key is to get the client to take the right advice now, **before** the Inland Revenue ask questions.

Litigation Support

We are continuing to find a growing proportion of our work is in supporting practices against professional negligence claims, especially associated with taxation issues.

Often the problem results from the client trying to pressure the advisor into taking a short cut to save costs. Unfortunately, experience shows that failing to prepare technically accurate and proper documents on transactions all too often ends in tears.

FRS 20 (IFRS 2)

This new standard affects all companies who have any form of share scheme or use shares in any way to reward employees or third parties. Companies will have to apply the standard and the “cost” of the shares or options will need usually to be a charge in the company profit and loss account. Evaluating the “cost” of the shares or options will mean the need to consider detailed and complicated valuations using for example the Black-Scholes model or binomial model.

Full disclosure is also required in the accounts and it will be important that companies understand the implications of this new standard and the impact it will have on the company’s reserves. It may mean that existing share schemes will need to be carefully reviewed to ensure that the implications for performance driven rewards are understood.

We are providing an independent valuation service, **Equity Value**, to help companies and auditors to meet their obligations under the new standard.

Changes to Trusts

In the latest Finance Bill the Chancellor has fundamentally changed the taxation treatment of trusts especially for interest in possession and accumulation and maintenance trusts.

The changes are complex and wide reaching. Amendments are being proposed and adopted as the Finance Bill goes through Parliament. Clients need to be warned to review their Will/Trust strategy once the Bill becomes law.

Eaves & Co Chartered Accountants
Partners: Paul Eaves, Paul Davison

11 Part Street, Southport, Lancs, PR8 1HX.
Telephone: 01704 548698
Email: peaves@eavesandco.co.uk

12 York Place, Leeds, LS1 2DS
Telephone: 0113 2031502
Email: pdavison@eavesandco.co.uk