



# dauidnewton

Issue No. 44 - December 09 to February 2010

## IN THIS ISSUE:

- What is Risk?
- Penalties for Tax Errors
- Financial Claims
- PAYE and VAT Penalties
- davidnewton news

The team here at davidnewton would like to wish all of our readers and our clients a Merry Christmas and a prosperous 2010.

*David Oak*



## DATES FOR YOUR DIARY...

- 01/01/2010 VAT rate due to change back to 17.5%
- 19/01/2010 PAYE payment for Dec 09 due  
Quarterly payment of PAYE due
- 31/01/2010 Self Assessment Tax Return filing deadline  
Balance of Tax Liability for 2008/2009 due  
1<sup>st</sup> payment on account for 2009/2010 tax due  
Limited companies with year ends of 31.03.2009 need to be filed at Companies House
- 01/04/2010 Businesses with a turnover greater than £100,000 must register to file their Vat Returns online
- 05/04/2010 Last chance to take a lump sum from your pension at the age of 50 years before it is increased to 55 years  
Invest into your ISA up to a maximum of £7,200 (Cash ISA £3,600), or £10,200 (Cash ISA £5,100) for the over 50s

## CHRISTMAS OPENING HOURS

We will be closed from 12.30pm Christmas Eve on the 24th December 2009 and reopen at 8.30am on Monday 4th January 2010

*If you would like to see us during this period, please telephone us beforehand to arrange*

dauidnewton



chartered certified accountants  
registered auditors  
independent financial advisors  
business advisors  
computer consultants

"Working alongside clients to help build a better tomorrow for their businesses."

A TOTAL BUSINESS SOLUTION

ACCA

Lawrence House, James Nicolson Link, Clifton Moor, York YO30 4WG  
Hammerain House, Hookstone Avenue, Harrogate HG2 8ER

York Tel: 01904 692949

Harrogate Tel: 01423 876330

e-mail: [enquiries@davidnewton.co.uk](mailto:enquiries@davidnewton.co.uk)

web: [www.davidnewton.co.uk](http://www.davidnewton.co.uk)

Authorised and regulated by the Financial Services Authority



# What is Risk? *By Sarah Braithwaite*

There are numerous definitions, all of which contain negative words such as 'hazard, danger, jeopardy, loss and misfortune'. However, risk doesn't have to be negative. Taking risk can be a good thing.

We experience different risks everyday...

- ❖ Will my endowment pay out?
- ❖ Should I fix my mortgage?
- ❖ Will my client be able to pay for my services on time?
- ❖ But what about the biggest risk of all....marriage!!!

So what is your attitude to risk? Are you Cautious? Balanced? Adventurous? What does all this actually mean? Well, no one can really say for sure as risk is very subjective. But one thing's for sure, it changes on a regular basis.

Are you sitting comfortably? Let me tell you a story about a Frenchman named Alain Roberts. *He is known as the Human Spider as he climbs large buildings and bridges all over the world without any ropes or safety equipment. Alain is most famous for climbing the Petronas Towers in Malaysia, which has 88 storeys, nearly 1,500 metres high. When asked recently if he thought he was a risk taker he said, "No, this was a calculated risk. I'm prepared to step out of my comfort zone". But are you?*

So how do we assess your attitude to risk at davidnewton? Well, you'll be pleased to hear we don't ask you to do your best impression of Spiderman!! We start by finding out about you, your personal circumstances, what you perceive as risky and how long you are investing for.

Then this leads us to what us financial people call 'asset allocation'. This is industry jargon which can be basically described as 'don't put all your eggs in one basket'.

We look at the areas you should be investing in, and how you should be investing. For example should you buy Corporate Bonds or Equities, should you invest in the UK or Asia?

We then recommend a portfolio for you, whether it's an ISA or a pension and then, most importantly, we review it on a regular basis to ensure it keeps up with your ever-changing requirements.



## OUR ADVICE:

If you have any investments that you think could do with a quick review, taking into consideration your current attitude to investment risk, then please telephone me, Sarah Braithwaite, on 01904 692949 to make an appointment. **Who knows, I might even stretch to a mince pie!**

## FINANCIAL CLAIMS

Have you been sold a Payment Protection Policy in the past? Have you had unfair charges applied to your bank account? Cartel Client Review will help you reclaim your money. Do you have:

### **Credit Cards, Mortgage, Secured Loan, Car Finance and Personal Loan**

All the above rely on contracts to set out their terms and conditions, when the contract was produced it should have conformed with all the appropriate laws, rules and regulations.

Cartel Client review is probably the UK's largest and fastest growing financial claims management company, their claims processes are not geared around simple mis-selling, when they make a claim for you, they are looking to show that a contract is unenforceable, invalid or fundamentally flawed. If a contract has financial irregularities you may be entitled to financial redress and compensation.

Bruce Dobson is the local representative for Cartel in York and he offers a free service to find out if you have a claim against any of the above products, contact Bruce on 07508 015 605.



# NEW PENALTIES FOR TAX ERRORS

*By Michael Best*

**Many of you will have read a previous article, in which I mentioned the increased powers of the Revenue in looking into the tax affairs of people and companies. In discussing the changes which have recently taken place, I would like to take a look at another change in tax investigations, namely how the Revenue penalises tax errors.**

If, at the conclusion of an investigation, there is an underpayment of tax, naturally HMRC will wish to recover the underpaid tax. In addition to paying over the tax, interest is charged from the date the tax was nominally due, to the date of payment as the HMRC view that the taxpayer has unjustly held "their" money. It is a similar concept to interest on a loan or bank overdraft.

As well as interest, quite often a penalty will be charged and it is this in particular which has changed from 1<sup>st</sup> April 2009. Previously, penalties varied depending on the tax which was being examined, and the charging of a penalty was quite often very much down to the Inspector looking at the records. He would set a penalty, then take into account the co-operation of the taxpayer during the investigation (such as speed of answering queries, admitting to known errors before the taxman found them), the amount of tax involved, whether the errors were fraudulent or negligent etc. In some cases, if the investigation had gone particularly well and the taxpayer very helpful the penalty could be waived entirely.

This has now all changed. The penalties are now uniform across all the business and personal taxes and VAT, but start at a minimum of 30% if the taxpayer has been negligent. If there is fraud involved, the penalty rises to 70% and if the fraud has been concealed from HMRC and subsequently discovered, 100% of the tax is due. The 30% can be reduced by up to half if the taxpayer disclosure is unprompted, but it is unlikely that if an investigation has been started that any

disclosure could be argued as unprompted.

The requirement to maintain good records is also highlighted in the new penalties legislation and the importance of this cannot be underestimated.

There are good and bad aspects of the new system. There is a new system of suspended penalties – which can be compared, in a way, to a suspended prison sentence – amend what you are doing within a set period of time and the penalty will be cancelled. Another aspect of the new system is that there has been a shift of emphasis from the taxpayer, if he engages someone to handle his tax affairs on his behalf. The professional advisor could be penalised if the tax error was shown to be down to them, if they had all reasonable information from the taxpayer.

However, there are downsides. The penalties now apply to areas where previously they would have been irrelevant.

**As always, if you do find yourself in the situation where you have been the subject of a tax enquiry where additional tax is due, it is imperative that you contact us as soon as possible so that we are prepared and able to act and to negotiate on your behalf.**



# HMRC Strikes Again! - *New Penalty Regime for PAYE and VAT*

From 6<sup>th</sup> April 2010 new late payment penalties will be introduced for the PAYE scheme and Class 1A NIC payments. The table below shows how the penalties are calculated: -

No. of times payments are late during a tax year	Penalty %	Amount to which penalty % apply
1	No penalty	Total amount that is late in the tax year (excluding the first late payment)
2 – 4	1%	
5 – 7	2%	
8 – 10	3%	
11 or more	4%	

If, for whatever reason, your payment is 6 months late then you will have to pay a 5% penalty on that amount. In addition there is the current daily rate of interest applied to all late payments.

If you always manage to get your cheques in the post in time then you do not need to worry. However, if you feel that it is often the case that you end up sending a day or two late, or if you would prefer a different option to pay then what are the options available?

**Paying Online.** HMRC are encouraging people to pay electronically to speed up the process of payment and cut out the dangers of delays from the postal service. This is an easy way to guarantee that your payment reaches HMRC on time.

**Paying by Bank Giro or at the Post Office.** HMRC treat these payments as electronic so if you already regularly visit your bank or post office this could be the better option. You will need to use the Bank Giro slip supplied by HMRC in the yellow booklet.

With the above options the payment deadline is extended to the 22<sup>nd</sup> of each month instead of the 19<sup>th</sup>, although they state that 3 working days should be allowed for the payment to get there.

**Quarterly Payment Option.** If your monthly PAYE payments are on average below £1,500 a month, then you have the option to make quarterly rather than monthly payments. This will possibly be the better option as it reduces the amount of payments that can be late.

*If you would like to find out more information about the options mentioned in this article, please give us a call and we will be able to answer any questions or concerns that you may have.*

## davidnewton news

### CONGRATULATIONS

Steven Warboys has qualified as a Chartered Certified Accountant. Well done Steve!

### BUSINESS DEVELOPMENT WORKSHOPS

Our most recent business development workshop took place on 22<sup>nd</sup> October and we were once again delighted with the positive feedback that we received. Our next workshop date will be announced in our next newsletter, but we expect it to coincide with the 2010 budget so we will have the opportunity to talk about the changes it brings which may affect you.

*Other news? We would love to hear from you, if you have any news which you think may interest our other clients, then please do let us know!*