

PLANNING FOR HIGHER TAX RATES



Individuals with annual incomes over £150,000 will be subject to the new top rate of income tax of 50% from 6 April 2010.

In addition for those earning over £100,000 the basic personal allowance is being withdrawn, with the effect that those earning between £100,000 and £112,950 can be taxed at up to 60%. The top rate on dividend income has also been increased to 42.5% from 32.5%.

Now is the time to start planning for those high earners whose top slice of income will be affected. What can be done to delay or avoid the effect of these changes? Here are some ideas that are worth consideration dependent upon individual circumstances:

- **Businesses could bring forward the date of a bonus payment to directors or employees from 2010/11 to 2009/10.**
- **Companies could bring forward dividend payments to its shareholders from 2010/11 to 2009/10.**
- **A change of year end for sole traders or partnerships could be beneficial, particularly if its year end does not currently coincide with 5 April.**
- **If any taxable share options are held, these could be exercised before 6 April 2010.**
- **For sole traders and partnerships, incorporation could be beneficial.**
- **For owner managed companies, profits could be retained, rather than paid out in salaries or dividends. It is possible that the 50% rate may be reversed after a period of time.**
- **Payments into pensions as an alternative to taking salary or dividends from companies should be considered.**
- **Where married couples are in business together, it may be possible to share partnership profits or dividends more tax effectively.**

Under all circumstances, careful planning will be required. If you are an individual or business owner that may be affected, contact us for advice as early as possible.



Terry Stocker
Partner – Rothmans Portsmouth South

INCREASE IN THE MINIMUM PENSION AGE TO 55



With effect from 6 April 2010 the earliest age from which you can take the benefits from your pension is being raised from age 50 to 55.*

Very few people can afford to retire at 50 or 55 so this may not, on the face of it, be of particular concern for most of us. However, since 2006 it has been possible to take the benefits from a pension arrangement and continue to work.

To illustrate the effect of the change, if you were to reach age 50 on 1 April 2010, you would be able to take your pension benefits, but if you did not take them before midnight on 5 April 2010

you would not be able to access them for another 5 years. The change applies to taking all benefits from registered pension schemes including accessing tax free cash lump sums.

If you have been considering taking any of your benefits early and will be affected by this change, please contact your Rothmans office to discuss the options available to you.

*** There are a few exceptions to this rule, for example in the case of serious ill health, certain pre-existing contractual rights under company schemes and special occupations.**



Carolyn Cox
Partner – Rothmans Eastleigh

THE THREAT OF INFLATION

The threat of inflation is back on the agenda, following larger than expected inflation rate figures published in recent months.

Some of the increases arise from exceptional adjustments, such as the change in VAT rate and an upward movement in oil prices. Many of the usual elements of inflation are now visible, including rising energy and material prices, weak sterling, low interest rates and large injections of new money into the economy.

Although some forecasters are saying there is 'the highest probability' of inflation, this may not necessarily be a certainty. However, it does mean that borrowers and savers should look at inflation as a potential threat and consider possible strategies for the future.

For borrowers, the danger is that increasing interest rates will be used to counter inflationary trends. With interest rates currently at such a low point, this is not a major issue for the time being, but the position may be very different in

18 months' time – so now may be a good time to be reducing borrowings where possible. It may also be worth keeping a watch on the long-term fixed-interest rate deals available, because at some point in the future they will become attractive again.

If we do move towards a period of higher inflation, this will be a time for savers to look carefully at the risk of erosion to their savings and perhaps then index-linked savings will become more attractive.



GOING GREEN

An increasing number of businesses are introducing measures to reduce their impact on the environment. They are driven in part by pressure from customers, shareholders, employees, and local communities concerned about the state of the planet we are passing on to the next generation, and in part by the need to comply with a raft of environmental legislation. But there are also sound business reasons for adopting green measures. Businesses can benefit from significant cost savings, greater efficiency, and possible reduced insurance premiums by introducing improved environmental practices. In some sectors at least having green credentials can provide a competitive edge and strengthen your position in the marketplace.

Developing an environmental policy

When developing an environmental policy for your business:

- **Make sure you are up-to-date and in full compliance with any relevant environmental regulations on air pollution, hazardous substances, waste disposal, water management, packaging, land use, etc.**
- **Look for synergy between stakeholders' concerns and regulatory requirements on the one hand and your business goals, organisational capability, and potential financial benefits on the other.**

- **Pay particular attention to the evolving policies of existing and potential customers. For example, public sector agencies are now required to procure only products and services that meet certain green standards.**
- **Keep a close eye on your competitors' strategies in this area.**

Financial assistance

There is Government help available for small businesses to invest in green technologies. For example, businesses can now receive interest-free loans worth up to £200,000 to buy new energy-efficient equipment, such as lighting, boilers and insulation.

It is estimated that there is £1.2 billion in funds available from various sources to help businesses with projects such as introducing recycling schemes, switching to green packaging, purchasing hybrid vehicles, installing solar panels, and many more.

Tax advantages

There are various tax advantages for businesses adopting green policies. For example, enhanced capital allowances enable a business to claim 100% first-year capital allowances on spending on qualifying plant and machinery in three areas:

- **Energy-saving plant and machinery.**
- **Low carbon dioxide emission cars and natural gas and hydrogen refuelling infrastructure.**
- **Water conservation plant and machinery.**

There are also other tax incentives aimed at encouraging businesses to reduce vehicle use and emissions, such as lower vehicle tax for vehicles with lower emissions, reduced fuel duty on alternative fuels, and tax and NIC breaks for green travel arrangements.

Contact your local Rothmans office if we can help you in this area.



Brian Corlett
Partner – Rothmans Ringwood

OFFICE FOCUS SUTTON



Sutton is an ideal location for an accountancy firm – a thriving commercial centre just 20 minutes from central London, the M25 and Gatwick.

Rothmans, situated in the heart of the town centre, is one of the areas longest established practices and given Sutton's ideal location, it has attracted clients from the capital as well as from throughout the South of England to add to its large list of local businesses.

The Rothmans' team of 16 staff is headed by partners Graham Hindley and Andy Miller. "Much of our work comes through word of mouth," explains Graham, who has been a partner at Rothmans for 22 years. "We have developed a number of specialisms within our office, but of course we also have access to additional expertise within the group – some of it highly specialised. So, although we carry out all the normal accountancy processes involved with running a business, we also are able to give our clients strategic advice across a wide range of areas. Consequently we attract companies that

need services normally associated with the major London firms. They find they can get the same quality of advice from us – but at Sutton rates, rather than the fee levels normally found in central London."

Owner-managed businesses make up a large sector of clients at the Sutton office. "I would refer to myself as a 'commercial accountant'," continues Graham. "I understand the issues and pressures that these businesses face and I am able to talk to directors about the realities of running a business in a straightforward way, which I think our clients appreciate."

Whilst the Sutton team works across a wide variety of industry sectors, it has developed a reputation for handling clients in the property related sectors as well as a range of charities and pension funds. In addition, the firm has an active tax department, headed by tax principal, James Colclough and is also recognised as an expert in Sage accounting systems.

"Businesses have increasing pressures to keep up with changing statutory requirements," explains Andy Miller. "The administration in running any organisation can be very time consuming and penalties for late delivery or mistakes are becoming more onerous. Consequently we have been looking at ways to simplify processes for our clients and take on more of that burden of administration. We help them set up and operate their accounting systems and have recently introduced a service whereby they can outsource their payroll to us efficiently and cost effectively."

The Sutton office has plans to expand in 2010. "We have the ability to react quickly to what the market and our clients want," concludes Graham. "Our location, our range of services and our approach to working closely with clients to understand their issues, all create a package that is designed to help businesses move forward in difficult economic times. We have a great team of people here who are all committed to developing Rothmans both locally and further afield."



wagtech
international

CASE STUDY WAGTECH INTERNATIONAL

When the Baghdad Water Authority needed to train laboratory technicians in water quality testing procedures, they approached a Berkshire company that had already provided mobile testing laboratories and training for Iraqi civil engineers in highway construction.

This was just another 'normal' contract for Wagtech International, one of the UK's largest manufacturers and suppliers of scientific instruments for use in water and environmental testing. With offices in the Far East, India, South America, Central Asia, Africa and the Middle East and distributors in 90 countries, Wagtech is one of our fastest-growing, independent global companies.

When the company started in the 1990s, the whole accounting operation was handled by a one-man firm, but when the current managing director, Neil Durham, took the helm he realised the growing business needed a more established accountancy practice to work alongside him.

"I looked at the top five firms and realised we'd just be small fry to them, but still be paying substantial fees. Then a colleague recommended Rothmans and I found an outfit that could handle not only the day-to-day financial operations but also give sound business advice in our very complex organisation."

Headed by partner Sue Sullivan, the team at the Rothmans Salisbury office handles statutory accountancy services, but also work with Neil Durham on finding the most efficient tax planning solutions to a range of both corporate and personal financial situations.

"I've worked with Neil on some very complex funding mechanisms with World Bank and EU projects," explains Sue Sullivan. "We've handled some interesting tax relief issues around R&D, looked at ways of minimising Capital Gains Tax, helped him win major DTI funding and even found a good financial director for the company."

For Wagtech, as with any business, containing costs is crucial and Neil is confident that the advice from the Rothmans team has helped him make considerable savings. "I can also pick up the phone at any time, speak to someone and get an immediate answer," comments Neil. "That's important for any business, but even more so for me as I spend so much of my time travelling to our overseas offices."

www.wagtech.co.uk



Sue Sullivan
Partner – Rothmans Salisbury

FIRM NEWS WESSEX CHARITY AWARDS

Entries are now open for what have been described as the 'Charity Oscars'. The Wessex Charity Awards (WCA) are one of the region's most prestigious events, where individuals and charities are honoured for their achievements and dedication, and for 2010 Rothmans is pleased to be sponsoring the Trustee Board of the Year category.

"It's great to have Rothmans on board this year as it works with and advises a considerable number of charities," comments Jenny Warner, lead organiser of the WCA. "No one is better placed to understand the vital role trustees play in a charitable

organisation and Rothmans will make a valuable contribution to our awards."

"Rothmans acts as auditors and accountants for a wide range of charitable and not-for-profit organisations and many of the partners also act as charity trustees," explains Rothmans partner Andrew Perriam. "So, we are delighted to be able to take part in such a worthwhile event that recognises the valuable and at times difficult work of Trustee Boards."

Rothmans has a thorough knowledge of compliance requirements for the Charities Act and SORP and its range

of services includes tax consultancy, auditing, preparation of budgets and forecasting, analysing risks and opportunities, strategy planning and development, and investment procedures and policies.



RATES REFUND INITIATIVE

As one of the leading firms of chartered accountants and chartered tax advisers we believe that we can make a contribution to business owners in many different areas.

One current project relates to business rates, where some businesses are paying more than they need to. We recommend that every business owner should find out whether they are entitled to refunds.

The rules are changing shortly and the deadline for claiming refunds for the last 5 years expires in March 2010.

We have assembled a panel of specialist surveyors who can advise on business rates refunds at no cost to you.

The surveyors will only receive a fee if they are successful, payable from the refund.

The volume of work through this Rothmans initiative has meant that our panel surveyors will offer the highest level of professional service with a discounted scale of success fees.

The deadline for completing the process and lodging an appeal is approaching so prompt action is required if you are interested.

Contact us if you are interested in this initiative.

www.rothmansllp.com/rates-initiative

Rothmans Chandlers Ford
T +44 (0) 23 8026 5550

Rothmans Eastleigh
T +44 (0) 23 8061 4555

Rothmans Fareham
T +44 (0) 1329 280221

Rothmans Havant
T +44 (0) 23 9248 2683

Rothmans Portsmouth North
T +44 (0) 23 9238 3207

Rothmans Portsmouth South
T +44 (0) 23 9282 3777

Rothmans Ringwood
T +44 (0) 1425 479977

Rothmans Salisbury
T +44 (0) 1722 413413

Rothmans Segensworth
T +44 (0) 1489 575428

Rothmans Southampton
T +44 (0) 23 8021 1088

Rothmans Sutton
T +44 (0) 20 8642 1048

Rothmans Winchester
T +44 (0) 1962 842345

www.rothmansllp.com