



## The Pre-Budget Report 2009: a nettle not grasped?

**W**hen Alistair Darling stood up to give his Pre-Budget Report on 9<sup>th</sup> December he faced two dilemmas: a soaring public deficit and reducing tax income. This was compounded by an approaching General Election and a clear desire from the Chancellor to keep a steady course for his party.

The question is whether he addressed either of these rather mountainous issues. There were certainly some unexpected tax increases announced, most notably the further 0.5% increase in National Insurance Contributions for both employers and employees from April 2011. It took a number of commentators a little while to realise that this increase was in addition to the 0.5% increase announced in the Budget in April; but the overall increase amounts to a full 1%.

Some of the other key headlines arising from the Pre-Budget Report were:

- From 1st January 2010 the VAT standard rate will return to 17.5% from 15%
- The Small Companies Corporation Tax rate will remain at 21% in 2010-11, after which it will increase to 22%
- There will be a proposed 10% Corporation Tax rate on income from patents applying from April 2013 (the so called "Patent Box"). There will be a period of consultation for the Finance Bill 2011 to ensure that the rate is applied to the right 'innovative' industries and in the right circumstances
- The Inheritance Tax threshold of £325,000 will be frozen for 2010-11
- From April 2012, the point at which 40% income tax is payable is frozen for a year
- The level at which people start to pay NICs will increase in April 2011 so that those paying the standard employee rate and earning under £20,000 will pay less NICs as a result
- The new restrictions relating to pension contribution relief for high income individuals have been amended to include those with gross incomes of £150,000 and over, where gross income incorporates all pension contributions, including the value of any pension benefit funded by, or eventually funded by, an individual's employer. This will not affect those with pre-tax income below £130,000, excluding the value of any employer contributions. The anti-forestalling rules will apply from 9 December 2009 to those with incomes over £130,000 who change their normal pattern of pension contributions (subject to the £20,000 special annual allowance)
- New anti-avoidance measures to net £5bn focused on IHT, SDLT and leasing

The Chancellor also announced measures to support businesses in an attempt to redress the balance and keep the fragile economy running. These included:

- Time to pay scheme, which allows individuals and firms to agree extended timetables for settling tax bills, to be extended
- Enterprise Finance Guarantee Scheme also to be extended for a further 12 months, backing an additional £500 million of loans to businesses
- Empty commercial property relief threshold to be extended to £18,000 covering 70% of empty premises

It was ironic that the biggest cheer during the speech seemed to be on the announcement of the decrease in bingo duty, suggesting that the Government was a long way off their full house for either of the dilemmas facing them. What it amounts to are tweaks to the tax system in a perceived attempt to keep the house in order, with small businesses and individuals having to either suffer the tax increases or deal with the administrative burden of fundamentally small changes.

### In this issue .....

*The big event of the month was the Pre-Budget Report. We have used the phrase 'big event', but as we sat down with eagerness to watch the broadcast of Mr Darling's speech, pens in hand, it soon became apparent that our pages were going to remain fairly devoid of points of any real substance. This was a speech that was low-key, an attempt not to rock the boat too much and to provide some assurance that the Budget deficit was being tackled.*

*However, we were able to draw out some interesting material from the Report for this edition of MoneyLine, which should be considered by any business or individual. We will leave you to decide whether this helps or hinders the current state of the public purse.*

*Following on from that and continuing our 'Green Theme' from previous issues, we will look at some of the measures introduced that will help carbon reduction and a move to a greener economy.*

*Also, businesses need to be on top of the new VAT changes that are about to come in force in the New Year. This may mean some administrative changes to systems, especially where there is a supply of services abroad, which may lead to quarterly filing obligations.*

*Finally, we had to mention Robson Taylor's recent success at the Brain of Wessex quiz back in October. We thought about putting it on the front page, but to finish as we started, we had no intention of upstaging the 'big event' of the month!*

### Want to know more?

**F**or many of the items covered in MoneyLine we have prepared Fact Sheets covering the subject in more depth. These can be accessed through our website [www.robsontaylor.co.uk](http://www.robsontaylor.co.uk)

*We are always pleased to meet and discuss the relevance of a particular idea or opportunity so don't hesitate to make contact on: [info@robsontaylor.co.uk](mailto:info@robsontaylor.co.uk)*

**Ruth Foreman**

[r.foreman@robsontaylor.co.uk](mailto:r.foreman@robsontaylor.co.uk)

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## Company car changes: the green agenda

**C**hanges were announced to the company car regime that again seek to bring the Green Agenda to the forefront of Government policy. Rather than being esoteric measures that do not appear to have a general impact, they are targeted and can be emotive for those who are affected.

Legislation will be introduced in the Finance Bill 2010 to change the level of the company car tax charge for 2012/13. The main changes will be as follows:

- The current graduated table of company car tax bands will be extended down to a new 10% band
- All CO2 emissions thresholds will be moved down by 5g/km on 6 April 2012 so that the 10% band will apply to company cars with CO2 emissions up to 99g/km
- Qualifying low emissions cars will no longer exist as a separate category
- Electric cars and vans will enjoy a 5 year holiday on benefit in kind charges
- The fuel benefit charge multiplier used as the basis for calculating the benefit of private fuel received for a company car which is chargeable to income tax and Class 1A NICs will increase from £16,900 to £18,000 from 6 April 2010
- The figure used as the basis for calculating the benefit of private fuel received for a company van which is chargeable to income tax and Class 1A NICs will increase from £500 to £550 from 6 April 2010.



## Capital allowances reminder

**I**n 2009/10, the Government temporarily introduced an enhanced first year capital allowance of 40% for expenditure incurred in 2009/10, however this will come to an end as planned in April 2010. Therefore, businesses should be looking at their current capital expenditure with a view to maximising access to the first year allowance by pulling expenditure into the qualifying period where possible.



## Business rates are on the up

**F**rom 1 April 2010 the Valuation Office Agency "VOA" will reassess the rateable values of all business property/non-domestic property in England and Wales.

This reassessment is carried out every 5 years to ensure that rateable values are kept up to date and reflect changes in the property market.

The current business rates are based on the last assessment on 1 April 2005 and even though the business property market has declined in recent times, some of our clients are seeing increases of up to 44%.

### How do I find the rateable value of my property?

Draft lists are published 6 months before the new lists are issued to give businesses the opportunity to check their new valuation. You can check the new rateable value of your business premises at [www.voa.gov.uk](http://www.voa.gov.uk).

### What if the new value is unrealistic?

Businesses are able to appeal the valuation if they feel it is disproportionate. If you wish to appeal against the level of increase, we suggest seeking advice from a specialist in this area.



## All change for cross border VAT supply

**1<sup>st</sup> January 2010** sees the introduction of important new VAT rules relating to the cross border supply of goods or services within the EU.

Instead of the current basic rule that the place of supply of services is treated as being where the supplier is established, the place of supply for most services will transfer to the country where the customer is established (for services provided to non-business customers the rule will be unchanged i.e. it will be where the supplier is established).

As a result, UK businesses making foreign purchases will be liable to account for VAT under the "reverse charge" provisions.

What this means is that a business will have to charge itself VAT on the value of services received from the EU rather than the supplier charging foreign VAT.

UK businesses that supply services to EU customers where the place of supply is the customer's country will have quarterly reporting obligations and should ensure that systems are in place to cope with the new procedures.

There are, as always, exceptions to the new rules and we would be happy to discuss any individual queries in more detail.



## Paper VAT returns – a thing of the past

**HM Revenue and Customs** have introduced compulsory requirements for businesses to file their VAT returns online and to make payments electronically.

These regulations will provide new compulsory rules for VAT as follows:

- Online filing of VAT returns and electronic payment of VAT, required for existing businesses with an annual turnover of £100,000 or more for accounting periods starting on or after 1 April 2010
- Online filing of VAT returns and electronic payment of VAT, required for all new businesses with an effective date of registration on or after 1 April 2010 (whatever their turnover).



## Lucky 61 (years old)!

**It's official, 1948 babies** have been declared the luckiest generation alive!

The year of their birth saw the founding of the NHS and within 12 months the first comprehensive school had opened its gates bringing with it free schooling.

The 1948ers avoided having to do National Service and were the first to get student grants. There was Radio Luxembourg's hit parade, launched in 1948, vinyl LP's, first pressed in 1948, and it was another 10 years before parking controls were introduced. Could there be a luckier year to have been born than 1948?

Furthermore, they entered adulthood in time to enjoy the swinging sixties, Beatlemania and are likely to be the last to enjoy final salary pension schemes.

Their first steps on the property ladder coincided with the 1970's housing boom as home ownership rocketed.

One final thought....an average house cost just £1,751 in 1948 compared to the current average house price in the UK of £162,764!





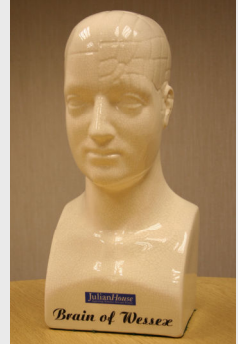
## Bulletin board

### Robson Taylor reclaim their title as the Brain of Wessex!

**R**obson Taylor had a point to prove on 8 October 2009. As 2007 winners of the Brain of Wessex quiz, could our team reclaim the trophy that was pulled from our grasp in 2008?

Well, thanks to the best team of general knowledge experts we could muster, the answer was a resounding yes!

The Brain of Wessex was held at The Civic Hall in Trowbridge and is run by homeless charity Julian House. It attracts teams from businesses all over the region, most of whom return year on year and the event helps to raise money for the charity.



### More trivia!

**O**ur annual quiz evenings in Bath and Bristol in November proved to some that the point of a quiz night is to win and not to be treated as a light hearted affair, but a serious battle ground of mental agility. Some were just happy in remembering who got voted off the "X Factor" the previous week and discovering that they have a talent for identifying landmarks from satellite photos!

Many thanks to everyone who entered teams and congratulations to The Woods Group Limited for winning the Bath quiz (again) and to Bond Pearce LLP for winning the Bristol quiz.

### Exam success!

**C**ongratulations to John Bruton who has recently become ACA qualified with first time passes.

John, a member of our audit team, studied long and hard for his qualification and is looking forward to getting his evenings and weekends back!

John's achievement further strengthens our audit offering and we look forward to reporting further exam successes of our trainees in the Spring edition of MoneyLine.

### Lloyds TSB Commercial event!

**O**n 25 November 2009, we set up shop at Ashton Gate Exhibition Centre as part of the Lloyds TSB Commercial Business Seminar. We were delighted to be part of the exhibition hall, which included a number of other service providers such as Business Link, Wards Solicitors and The FD Centre.

Thank you to everyone who visited our stand, we enjoyed talking to everyone and hopefully we imparted some knowledge along the way.

Our business card draw attracted a lot of attention and we are pleased to announce the two winners, who each receive a magnum of champagne:

Well done Tony Best of AB Dynamics based in Wiltshire. AB Dynamics specialise in the manufacture and supply of advanced testing systems for the motor industry. Our second winner is Ian Birkett of Three Cherries based in Bristol. Three Cherries provide business IT support, server support and email filtering.

#### Robson Taylor LLP

Charter House  
The Square  
Lower Bristol Road  
Bath BA2 3BH  
T: 01225 428114

and

Froomsgate House  
Rupert Street  
Bristol  
BS1 2QJ  
T: 0117 929 0039

Illustrations by Honor Ayres  
E: honor.ayres@blueyonder.co.uk

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