

MANY HAPPY RETURNS LTD

Spring 2007

RETURN OF THE NEWSLETTER

There is just too much information to send to you individually so I am afraid that the Newsletter is back.

Quite a lot has happened in the period since the last proper Newsletter in Autumn 2005 and I shall try and condense it into digestible bits.

STAFF CHANGES

Karen has left us, Kate has joined us and Helen is now working two days a week on Monday and Friday. Penny has been away on maternity leave again, producing Frank (Congratulations) and is now back on an occasional basis. Kate is preparing accounts from records and is here two days a week so our week is a bit like a jigsaw with different people here on different days.

Please bear with us if you ring to speak to someone on the wrong day. They will get the message and ring you back.

Telephone Numbers

Always worth a quick reminder:

Telephone 01625 431731

Fax 01625 511417

Email MANYHAPPYRETURNS@BTCONNECT.COM

MANYHAPPYRETURNSTAX@HOTMAIL.COM

OFFICE HOURS ARE, OF COURSE, 9 AM TO 5PM ONLY.

ABBEY TAX PROTECTION

If you have a complex personal Return or income from property, I suggest that you take up the insurance option at £45 per Return. Our own fees are now £65 +VAT per hour for investigation work and you will be charged at this rate, whether you are covered or not. It is very good value, as those who are under investigation and covered will tell you. Those who are not covered and paying out of personal funds may also recommend it!

I think fee-insurance for all self-employed clients whether sole, partners or Companies is well worthwhile.

Contact us if you want to join. It will cost you £45 for your Personal Tax Return and/or £118 for your Business Tax Return (Corporate or Unincorporated)

I am enclosing basic leaflets and *if you have already paid up or received an invoice, please ignore the ones enclosed, as we do not want you to pay twice.*

The insurance is voluntary but well worth it if you are investigated.

ADVERTISING FEATURE

This is back and has been taken by James Rooney who is filling in a gap year fixing Home Computers before he goes off to do a postgraduate Diploma in IT. He is really rather good and is "IT Support" for Many Happy Returns Ltd and quite a few of our clients now.

WE ARE ALWAYS SORRY TO LOSE CLIENTS BUT IF YOU DECIDE YOU NO LONGER NEED OUR HELP, PLEASE LET US KNOW SO THAT WE CAN WISH YOU WELL AND NOT WASTE OUR TIME AND YOURS ON NEEDLESS REMINDERS.

ABBEY TAX PROTECTION CONTINUED

If you get the letter from HMIT notifying an investigation, please ring us immediately so that we can register you with Abbey Tax if you are insured. We shall also discuss the likely course of the queries whether you are covered by Abbey or not. By the time you get that letter it is too late to apply for insurance if you have not already done so.

It usually takes over an hour just to start **reviewing HMIT's questions so if you have cover, you reap the rewards immediately.** I also feel happier if I know that the fees are being paid - **unfortunately, if you don't** want to pay the hourly rate, I cannot afford to defend you against the Revenue which assumes you guilty until you prove you are innocent - this can take many hours of work.

If you are in business, the insurance fee is £118 for your Return as a sole business or £118 for the Partnership Return. Partners should also consider cover for their individual Returns at £45 each.

If you are a limited company the fee is £118 for the Company Tax Return.

There is no VAT as you are charged via Ruth, James and Mike's Partnership, Many Happy Returns (Cheshire) LLP. James' income from home computer work also goes through this partnership.

I urge you to get in touch to effect cover.

FEES

The proposed charge for your year's work is included in your letter dated 1st April and is to some extent negotiable. If you are

being charged hourly, the new rates are shown below.

I have this year started asking everyone to pay us by monthly standing order. This is not compulsory but if you are not already paying by this method and wish to do so, please contact me. There is no extra charge but it does make our income more even and most of you seem to think that spreading the cost is helpful.

If you are paying on an hourly basis, the fees from 1st April 2007 are as follows:

Ruth - routine work £45 + VAT per hour
Other Staff - routine work £35 + VAT per hour
More Complex work - £65 + VAT per hour
Investigation work - £65 + VAT per hour.

POSTAL SERVICES

Well, what a change since I last asked you to check the weight of your letters! The basic weight allowance has now risen to 100g but it now depends on size. If you can fold your Return into an A4 envelope, most will get through on the basic large letter second class stamp. However, we are finding that the staff at the GPO are as much in the dark as you are which is both comforting and disturbing in equal measure. We shall charge you if we receive underfranked mail so check before you post. By the same token, you must let us know if we get it wrong and we shall reimburse you.

As always, we ask you please to avoid sending Registered, Recorded or Special delivery mail to arrive early on Saturday morning as we slumber.

Our tiny little postbox now has a puppy behind it waiting to distribute your letters into tinier little pieces through the hall. Please use the big green box on the wall in our porch and only lock it if your post is valuable.

TECHNICAL STUFF

In the mad, mad world of tax, our Beloved Chancellor has continued to load further costs onto all of us whilst claiming that tax is reducing. Of course, it is quite clearly going up by the back door – Stealth Tax should become an officially acknowledged method of taxation. At the same time the Revenue is gaining more powers to bludgeon us into paying extra tax and I fear that the main thrust of Revenue Staff is now to get the most tax rather than the right tax. I am convinced that some of the new legislation is designed to ensure that you get things wrong so that the Revenue can charge interest and penalties when they catch you out. Call me an old cynic, but it certainly looks that way from this end of the profession.

Partnerships and Limited Companies

The Revenue is forging on with legislation and legal cases to tax the income allocated to the “fee earner”. There has been a Tax Case going through the Courts concerning share of Dividends to a wife where the husband was the main fee earner in the Limited Company. This could equally be an unequal distribution of partnership shares. We always allocate with reference to who-does-what but you might expect a challenge from the Revenue where profits are not distributed as the Revenue would like - ie charging too little tax.

Sole Traders

There is no specific Revenue attack at the moment, but if you only work for one principal you may well be accused of being an employee. This is always a threat and applies also to Partnerships and Limited Companies; this is the legislation outlined in IR35 of which some of you may have heard. Please see the Abbey Tax notes attached – an attack under the provisions of IR35 is covered only if you have a valid Contract.

Umbrella Companies

If you are using an umbrella company, they will act as your Agent and employer and obtain work for you. They pay you a modest salary and less modest dividends as you are a shareholder and “director” of their company. The Revenue considers these dividends to be salary in disguise and from April will be treating it as such. If you are working for an umbrella company you should be prepared for this and also be prepared to be under constant investigation by the Inland Revenue. If you have your dividends paid monthly or weekly these are in the nature of salary and will almost certainly be taxed as such in the future.

Employers

We need to prepare your payroll and if we write to you, please reply without reminders. Our fees are rising this year to £20 standard + £1.50 per payslip, having not increased for many years. We do as much as we can as infrequently as possible to minimise your fees but if we have to spend a lot of time on obtaining basic information, we shall revert to an hourly charge which is invariably considerably higher than the set fee above. The year end is upon us and there are penalties from the Revenue for submitting the relevant paperwork late so please reply promptly to our letters. If you are sending us in a P46, please let us know which employer you are, as we have a few and cannot always guess when the form arrives with employee details only.

Subcontractors – Building Trade

The Revenue has moved into Fairyland With Subcontractors and a whole new set of rules applies from April. These look mysteriously like PAYE and effectively if you engage Subcontractors you will have to send in monthly reports and payments and there are draconian penalties if you fall behind. You will have to go back and adjust payments to subcontractors if their circumstances change in the future, even if you no longer use them so good luck to you. We are running the administration for this if you wish and shall be seeking an up-front fee plus monthly charge. You will receive details if it applies to you.

If you are going to use a Subcontractor who is new, you/we have to telephone the Inland Revenue with his/her UTR and NINO. The Revenue will then tell you/us what tax rate to use. Unless you do this, you can't pay them. Let us hope the telephone lines are clear and that the Revenue is up to date itself. If you have used the Subbie in the last 3 years, you can carry on deducting tax as before but at 20% from 6th April 2007. What larks!

Employees

The Revenue continues to reduce the amount of expenses you can claim. You are supposed to be working from home to reduce traffic congestion but the amount you can claim for the extra costs has been reduced to £150 only. By this method, the Government gets even more money from you.

If you are not sure if you are employed or self employed, you must get in touch with us.

Behind the Scenes

We are spending more and more time correcting Revenue mistakes, hampered considerably by the fact that they lose around 1/3 of the authorities we send them. We have a list of clients for whom the Revenue thinks we are authorised and it is considerably shorter than the number of clients for whom we have sent in authorities. *If your name is not on that list, you will have an authority form with this letter and we shall be grateful if you will sign and return it to us as soon as possible.* Shortly afterwards, you will receive a code number from the Revenue and if you send this to us, or telephone it in, we can ensure that the authority has been noted via the Revenue's electronic service. (At least, it will be on record until the Revenue loses it again). We spend hours sorting out your taxation affairs that you never actually see and it is quite disheartening to have to prove our legitimacy nearly every time we ring the Revenue for something.

Deadlines

I attach the details we have put in before as I think that this is helpful. We cannot necessarily do your Tax Returns/Accounts if you wait until the last minute. We are all pretty tired by the time we get to January and are more than likely to enforce the double charge for giving us your records with a couple of weeks to go. Try not to be surprised. We are also, when under pressure, more prone to making mistakes with little time to correct them.

Some or all of the above comments may not apply to you. Please do not be offended – just ignore the irrelevant bits

Calendar of Events

1st March - 5% penalty imposed by the IR for 2005/06 tax still not paid

6th April - Tax Returns and my April letter issued

11th April - last date for employers paying PAYE before interest starts to run

19th May - deadline for employers to get PAYE details to the Inland Revenue after which penalties are charged.

30th May - **your employer's deadline for getting your P60 to you**

7th July - **your employer's deadline for getting your P11d to you**

31st July - second payment on account for 2006/07. £100 penalty (another) for 2005/06 Tax Returns still not sent in.

1st August - further 5% penalty by the IR for 2005/06 tax still not paid.

30th September - **Revenue deadline for getting your underpayment of less than £2000 in next year's PAYE code number.** This does not apply to the self employed.

31st October - Paper Tax Return deadline. **New from the 2007 Budget***

1st November - MHR Ltd charges an extra 25% over your agreed fee for records sent in on or after this date.

1st December - MHR Ltd may charge double the agreed fee for records sent in on or after this date

25th December - Christmas Day. I try not to do any Tax Returns on this day after lunch.

31st January - The Big Day. Will cost you £100 if the Revenue has not received your Tax Return on this day. Interest runs on unpaid tax from 1st February. If you have not paid by now it is too late to avoid interest, as the Revenue no longer accepts payments in its offices. Your quickest method of payment is by cheque in the prepaid first class envelope provided by the Revenue. Or you can pay via your Bank (3 day clearance) or the GPO (10 day clearance).

1st February - writer collapses in cool place with cold glass of milk and takes no phone calls.

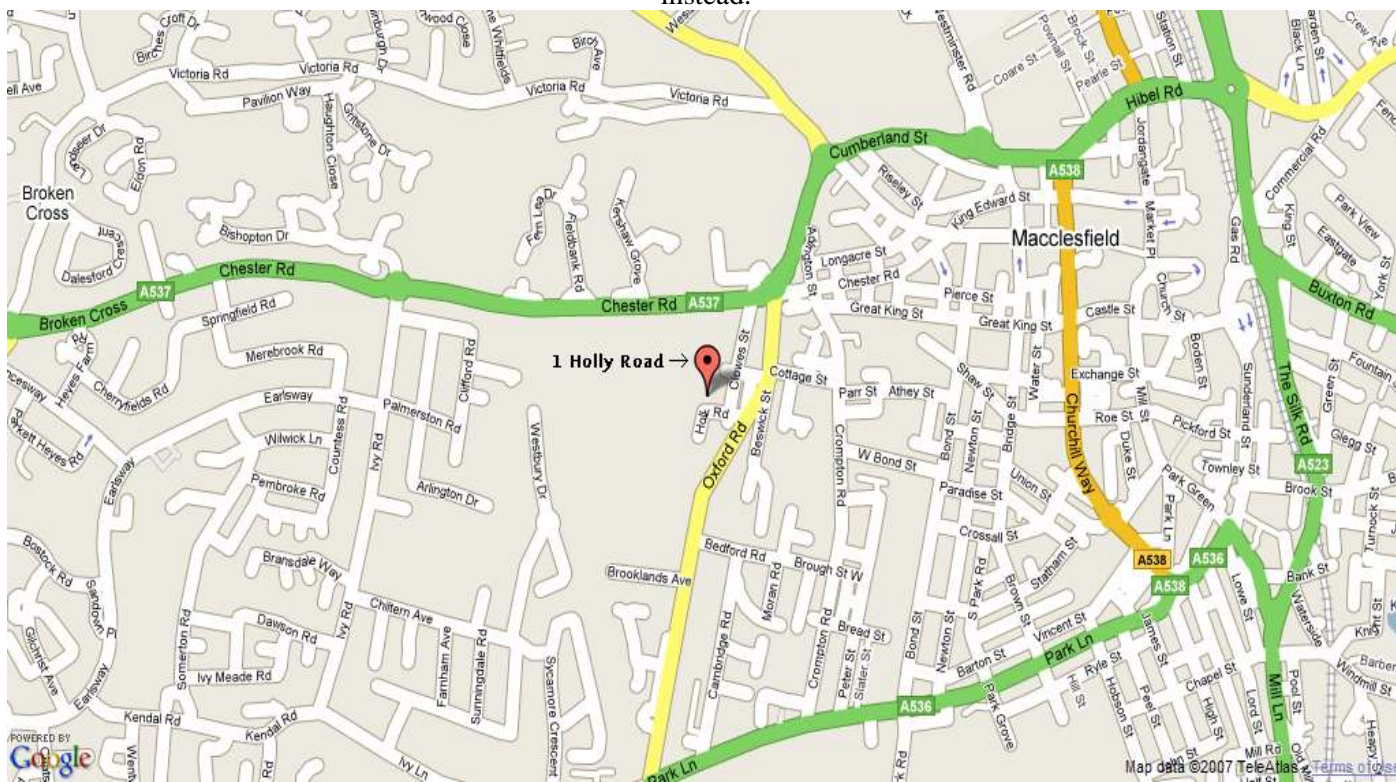
For Limited Companies, MHR Ltd asks that your records be with us within 4 months after the company's year end. **There is currently no extra charge but we do not guarantee to meet the relevant deadlines if records come in later than this.** We shall not in that case meet any penalties imposed by Companies House or the Inland Revenue for late submission of accounts.

If you do everything well within time, that is fabulous and we love you. The above timetable is not directed at you or meant to get at you in any way. You can skip over it smugly knowing that it does not apply to you. This is a Newsletter and will be sent to everyone, be you perfect or with room for improvement!

Location, Location - Map on next page

Turn off Oxford Road opposite the Ox-fford pub. Go at right angles to the main road up some cobbles. After 30 metres the road narrows and changes from cobbles to a new tarmac surface. We are the dormer bungalow on the right with a laurel hedge - come to the white door.

Clowes street is not a continuous road and so it is not possible to get directly from Chester Road to Holly Road. Go to the roundabout and down Oxford Road instead.



The Last Word

The feral element of the practice has changed somewhat recently and here is an update. Our first cat, Plato, died in the spring and was shortly to be followed, into a rather bigger hole in the garden, by big sobby dog Heidi. Cat Blossom still stalks around but sulks due to arrival of new cat Willow, Ruth's birthday present and fashion accessory last August. Cat Blossom moved into panic mode with the arrival in November of chocolate Labrador pup Sasha - growing fast. The fish are still about the same size awaiting release into the pond.

Paw prints on your letters will almost certainly have been caused by Willow, who sits atop the photocopier waiting for paper to emerge, when she has tired of Fish Tank Reality TV, or is taunting the puppy just out of reach.

When you enter 1 Holly Road, you will of course be greeted politely by ourselves, but rather more rapturously by Sasha. Ignore her if you are able - we are training her to ignore you (but bite burglars) and she is a bit young yet for a lot of self-control. If we tell you that unfortunately your correspondence, cheque etc has been shredded by the puppy, it may not just be an excuse for our inefficiency. Guard your possessions with your life if you sit down for a cup of tea with us before we confine the dog to her cage (the Sin Bin). See also our note above about using the green post-box in the porch and not the one in the door, leading straight into Sasha's mouth.