

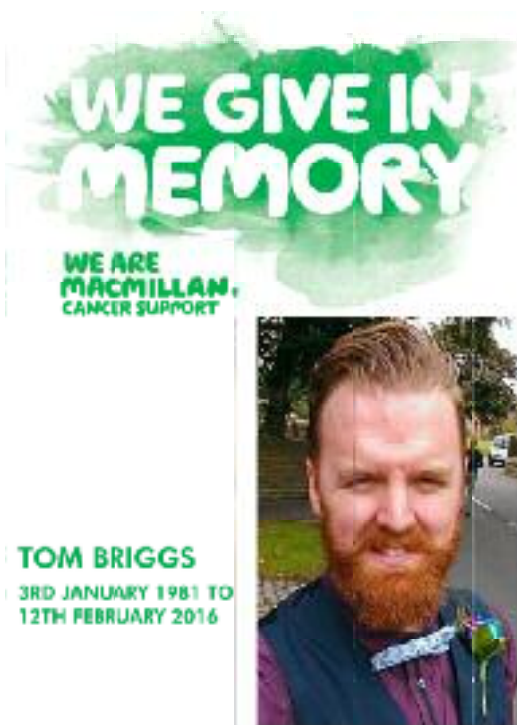
EDITORIAL

You're finding the editorial as a post script this time for a reason! You don't always need to hear from me as an introduction to the Reminder and this time, hopefully, you will have read it before you get to this bit anyway!

Many of you may remember Tom, my eldest son, he worked with me from 2004 to 2007, also many of you know he has been battling cancer for the last 4 years. Sadly, he developed a very rare brain cancer at the end of January and died on 12 February. We are encouraging folk to make donations to the Macmillan Cancer charity as they have been a great source of help and comfort to all of us. Tom leaves a widow and three young children.

I know you will realise I may not be my usual cheerful self for quite a while and perhaps not firing on all cylinders all the time but please bear with us as we work through so many different stages of our grief. I'm not mentioning this for any other reason than you are aware of what has happened.

We await the budget fall out and will keep you informed of any big changes that will affect you now!



Oakwood Reminder



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Business is great but we are always looking for more.
Please pass on this newsletter to anyone you feel may benefit.
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BUYING A BUSINESS? NO RELIEF FOR GOODWILL NOW

Ever since April 2002 when a limited company acquires the trade and assets of another business it has been possible to obtain a tax deduction for the goodwill and other intangible assets of the acquired business, generally in line with the accounting treatment. So, if the goodwill of the acquired business was worth say £500,000 and the directors assess the useful economic life as 5 years there would be an allowable tax deduction of £100,000 a year over the 5 year period.

The Summer Budget blocked this deduction where the goodwill is acquired on or after 8 July 2015, although where the acquisition was prior to that date relief continues to be available. Note that the new restriction applies to goodwill and “customer-related assets” which would include client lists and customer databases. The restriction does not apply to other intangibles such as patents and manufacturing “know-how” so the allocation of the purchase price of assets in the sale and purchase agreement may have an impact on the availability of tax relief.

BUYING A BUSINESS? WHAT ABOUT CAPITAL ALLOWANCES?

Another important consideration when buying a business is tax relief for the plant and machinery of the target company. Where the shares of the target company are acquired, the new owners will inherit the tax written down value in the target company’s capital allowances pool which will normally be a lot lower than the market value of the machinery.

This is another reason why a trade and asset purchase would be preferable for the buyer, as they would acquire the plant and machinery at the agreed market

BANDS OF TAXABLE INCOME AND CORRESPONDING TAX RATES

	2015-16	2016-17
	% of income/£ per year	
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting rate for savings income	0%	0%
Dividend ordinary rate – for dividends otherwise taxable at the basic rate (effective rate with tax credit)	10% (0%)	7.5%
Dividend upper rate – for dividends otherwise taxable at the higher rate (effective rate with tax credit)	32.5% (25%)	32.5%
Dividend additional rate – for dividends otherwise taxable at the additional rate (effective rate with tax credit)	37.5% (30.6%)	38.1%
Starting rate limit (savings income)	£5,000	£5,000
Basic rate band	£0-31,785	£0-32,000
Higher rate band	£31,786-£150,000	£32,001-150,000
Additional rate band	Over £150,000	Over £150,000

WORKING TIME

Time spent travelling to and from first and last appointments by workers without a fixed office should be regarded as working time, the European court of Justice has ruled. It means firms, including those employing care workers, gas fitters and sales reps, may be in breach of EU working time regulations.

INCOME TAX: PERSONAL ALLOWANCE AND BASIC RATE LIMIT FOR 2016-17 AND 2017-2018

The personal allowance will be increased to £10,800 for 2016-17 and £11,000 for 2017-18. The basic rate limit will be increased to £31,900 for 2016-17 and £32,300 for 2017-18. As a result, the higher rate threshold will be £42,700 in 2016-17 and £43,300 in 2017-18.

From 2016-17, there will be one income tax personal allowance regardless of an individual's date of birth.

£	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Personal allowance	6,475	7,475	8,105	9,440	10,000	10,600	10,800	11,000
Basic Rate Limit	37,400	35,000	34,370	32,010	31,865	31,785	31,900	32,300
Higher Rate Threshold	43,875	42,475	42,475	41,450	41,865	42,385	42,700	43,300

STOP THE JUNK MAIL

How much? According to Recycle for Wales, the average household receives 453 pieces of unwanted mail per year. It has also calculated that for each tonne of junk mail produced, 17 trees, 7,000 gallons of water and 390 gallons of oil are used. For businesses, it's a fair bet that this number is even higher. Another report suggests that a small office could receive up to 1,425 kg of junk mail per year. With this in mind, the best option is to stop the mail from going through your letter box in the first place.

Tip 1. You can contact Royal Mail to opt out. This will stop unaddressed mail being put through your door. All you need to do is send your name and address to optout@royalmail.com

Tip 2. Domestic clients can register with the Mail Preference Service (MPS). According to the site, it will stop 95% of junk mail.

To contact the MPS service: <http://www.mpsonline.org.uk/mpsr/>

value. Where fixtures and fittings within buildings are acquired it is even possible, by agreement with the vendors, to acquire those items at the original purchase price. Remember that the current Annual Investment Allowance that gives 100% relief on plant and machinery reduces to just £200,000 from 1 January 2016.

Please contact us if you are planning to buy another business as we can help you maximise tax relief on the assets acquired.

SELLING YOUR COMPANY? SHARES OR ASSETS?

The corporation tax deduction for acquired goodwill and other intangible assets that has been available to companies since April 2002, has meant that companies buying other businesses have generally preferred to buy the trade and assets rather than the shares in the target business. However, the vendors would normally prefer to sell their shares in the company rather than a trade and asset deal, as they would usually pay more tax - corporation tax on the sale of assets, followed by a second tax charge getting the cash out of the company. A share sale would of course mean just 10% CGT, where the shareholder qualifies for entrepreneurs' relief.

The change in the tax treatment of acquired goodwill for the purchaser will mean that there will be less of a conflict between vendor and purchaser as to how the deal is structured. Where the business being sold has accumulated trading losses the purchasing company may be able to take advantage of those losses, if they buy shares, whereas those losses would lapse where just the assets are acquired.

Please contact us if you are planning to sell your business as we can help you minimise the tax payable on the sale.

HOW TO WRITE A PERFECT PRESS RELEASE

A well-written press release should be short, to the point and contain all the essential information in the first paragraph. Most importantly, it should be a story that be published without too many changes as all the facts are there and the content is well structured. Here are a few tips to help you to put together a good press release:

Put in the most newsworthy information

Who, what, when, where should be at the top, with the least important information at the bottom - this is called the inverted pyramid model and it is how journalists are trained to write.

Facts and photos

Boost your story with relevant data and good photos (ideally taken by a professional photographer, not taken on a smartphone). Include one photo and say “more available” rather than clogging up journalists’ inboxes with big files.

Call a spade a spade

A journalists’ job is to untangle professional jargon before it reaches the press. You can make their life a bit easier by avoiding technical terms and writing in plain English.

Quotes

Quotes are important but they need to add something to the story without repeating information contained elsewhere. Try to avoid being “thrilled” “honoured” or “excited”.

Don’t attach your story, put it in the body of the email

Don’t send one line emails saying “See Attachment”. It may not be opened. Always paste the press release directly into an email so it can be easily read on a smartphone or tablet.

Give it a good headline

Your headline should tell the story even if a person doesn’t actually read the rest of your article. If you want ideas on how to write a good headline, just pick up a newspaper and have a read. Which headlines catch your eye and why? Now try to write a similar headline for your press release.

SHARED PARENTAL LEAVE AND PAY SCHEME TO BE EXTENDED TO WORKING GRANDPARENTS

The Government has announced that it is planning to extend the current scheme of shared parental leave and pay to include working grandparents by 2018. A consultation is expected to be launched on the details of the extension in the first half of 2016, with the new legislation expected to come into force in 2018. The Government hopes that the proposed change will increase flexibility and choice in parental leave arrangements and support working parents with the costs of childcare during the first year of a child's life.

Evidence suggests that nearly 2 million grandparents have given up work, reduced their hours or taken time off work to help cut down childcare costs.