

TRANSFORM LIVES BY TOILET TWINNING

We are hoping that with the help of our clients and friends, to twin our 2 loos with an impoverished family's household latrine, in a country in need.

Toilet twinning is a water and sanitation initiative enabling us to flush away poverty, one toilet at a time.

By donating £60 to twin each toilet, we can help those in desperate poverty to have access to a proper latrine, clean water and the information they need to be healthy.

We will become the proud owners of a certificate, complete with a colour photograph of their twin toilets.

We are doing this because:-

- 2.3 billion people don't have somewhere safe and hygienic to go to the toilet
- The lack of a loo makes women and girls a target for sexual attack as they go to the toilet in the open, late at night
- Almost 1,000 children die every day from preventable diseases linked to dirty water and unsafe toilets
- 663 million people live without safe water
- Children worldwide miss 443 million school days each year because of dirty water and poor sanitation

If you are able to help, we would appreciate your loose change and will be asking for your contributions when you visit us at the office.

Thank you in anticipation of your assistance with this worthwhile project.

Oakwood Reminder



June 2018 Volume 18 - Issue 2

Business is great but we are always looking for more.
Please pass on this newsletter to anyone you feel may benefit.
Line 1: 01483 276100 • Line 2 : 01483 273614 • Line 3 : 01483 272133
joleary@oaktax.com • www.oaktax.com

EDITORIAL

Well hello summer- or is it? The weather has been so strange you never know what to wear to be ready for anything! The same is with HMRC, trying to be ready and know what to do and when. HMRC keep changing and developing the rules and regulations. In this edition we have news on National Insurance, status checks, PILON rules, evidence of difficulties for self-employed mortgage finders, costs of compliance, savings decline. I hope we might help with our articles on developing your business and technical support with Windows 7.

We hear a number of you enjoy our jokes or light-hearted articles and in this edition we cover a revolutionary recruiting technique and we are after your loose change when you come to the office in support of our toilet twinning idea! If that is still not enough for you, you are also encouraged to come and be with us on 21 July.

Have a good summer and remember to balance leisure and work to get the most out of life, life is not a dress rehearsal, we are only here once!

Jane



"My accountant says this is the best way for me to avoid paying taxes until he comes up with a better plan."

JANE & GORDON'S WEDDING

Some of you may have heard that Gordon and I are getting married. We are getting married on Saturday 21 July at Wonersh United Reformed Church at 2.30p.m. We would very much like to see as many of you there as would like to come so if you can call the office and advise us you can attend, we will be delighted. If it is an excuse to buy a new dress, hat or spend an afternoon opposite the cricket pitch and enjoy a light bite after the service, then this event is for you! We don't want you presents, just your presence!



derstand what the business stands for. If you have a business partner, ensure that they sign up to the vision of the business as you should have a high level of trust. Spending time and money identifying employees who bridge the skills gap in your business will pay dividends. Loyal team players are what you require for long-term sustainability. Invest in qualifications and training to maintain skills.

Bring professionals into your business at an early stage. Start networking and identify key individuals, such as an accountant, business adviser, mentor or solicitor who can provide the services you need. Keep up to date with what's happening in your industry as you will need to adapt to any major changes.

HOW CAN YOUR BUSINESS STAND OUT FROM THE CROWD?

Your website is one way to stand out, keeping your customers up to date with any changes or introducing new products or services. It's also an ideal place to host webinars, which will be a great stepping stone if you are considering expanding your business internationally.

Social media is great for raising your personal profile, as well as awareness of products and services. If you are not already writing blogs, articles for magazines or even a book, then here is an opportunity to create a strong platform for your voice to be heard. Regular posts will help drive customers to your website to increase sales. The traditional ways to advertise your business – leaflets, magazine advertisements, local press and community activities – should also be considered, as a large number of customers still prefer to engage in that way. Know your target market and engage accordingly.

MORTGAGE DIFFICULTIES FOR SELF-EMPLOYED

High Street banks need to change the way they handle mortgage-lending for the self-employed, according to a survey.

The research found 78 per cent of self-employed people believe the way banks classify risk needs to change, and 79 per cent think the application process is more difficult than for those in employment. The survey also found that 19 per cent believe they would have to return to full-time employment as a result.

REPORT HIGHLIGHTS COST OF TAX COMPLIANCE

The average UK small business spends £5,000 and three working weeks every year on tax compliance, according to research.

The report found almost half (46 per cent) said determining the tax rates they fall into is a challenge, with 40 per cent left feeling confused by exemptions.

IR35 was seen as the most complicated tax to understand, with 90 per cent rating it either 'very difficult' or 'difficult', followed by capital gains tax (88 per cent) and corporation tax and personal income tax (both 70 per cent).

In all, the average small firm spends 95 hours a year on VAT, PAYE, and National Insurance compliance, and three quarters (77 per cent) of small businesses bring in a specialist to help ensure they got their figures right.

Asked about changes that would reduce the tax compliance burden, 53 per cent said the ability to pay in instalments would make the process more straightforward. A similar proportion (52 per cent) would like to see an early estimation of their tax bill, while 40 per cent said automation of calculations would help.

We will always do our best to complete your Accounts and Tax Return as soon as we can and we endeavour to give you a date for completion to give you time to prepare for the tax bill. You can pay HMRC in instalments but this has to be in advance of the deadline for payment. Please ask us for details.

RECRUITMENT TECHNIQUE

Agency: “Sir, we found 3 candidates as per your requirements, now how do you want their placements sir?”

MD: “Put about 100 bricks in a closed room. Then send the candidates into the room and close the door, leave them alone and come back after a few hours and analyse the situation:-

1. If they are counting the bricks, put them in the Accounts Department
 2. If they are re-counting the bricks, put them in Auditing.
 3. If they have messed up the whole room with the bricks, put them in Engineering.
 4. If they are arranging the bricks in some strange order, put them in Planning.
 5. If they are throwing the bricks at each other, put them in Operations.
 6. If they are sleeping, put them in Security.
 7. If they have broken the bricks into pieces, put them in Information Technology.
 8. If they are sitting idle, put them in Human Resources.
 9. If they say they have tried different combinations yet not a single brick has been moved, put them in Sales.
 10. If they have already left for the day, put them in Marketing.
 11. If they are staring out of the window, put them in Strategic Planning.
- And ...
12. If they are talking to each other and not a single brick has been touched, congratulate them and put them in Top Management.

WHAT DO I NEED TO CONSIDER WHEN IDENTIFYING SUPPLIERS?

Think strategically: Spend time researching potential suppliers and perform due diligence. Access copies of financial accounts via Companies House, but remember these are usually filed 12 months in arrears. Credit reference agencies offer data that will assist you to manage risk, and ask for references from customers, other suppliers and banks.

Explore suppliers’ aftercare service, management and administration support. Do they have adequate resources to manage current or future workloads? Ensure that you are satisfied with their terms and conditions. When you meet them, discuss your business requirements, see if they align with how they operate, and plan how you can work together. Using local suppliers can reduce the costs. If your suppliers are further afield, the price per item might be cheaper, but you may end up paying more in delivery. You should try to source between four and five suppliers with a view to settling with three.

The aim to create a win-win situation for both parties. It is more important to get the right supplier than the cheapest deal. Identify common ground that works for both parties and establish favourable credit terms.

WHO DO YOU NEED TO SURROUND YOURSELF WITH WHEN STARTING A BUSINESS?

A handful of trustworthy friends, other business owners or professionals can really make a difference, especially if they have experienced similar challenges in their businesses. Identify individuals who will support you and un-

HMRC CONSTRUCTION TAX STATUS CHECK

HMRC is asking plumbing and construction companies to use its CEST (Check Employment Status for Tax) tool to check if a sub-contractor should be classed as employed or self-employed for tax purposes. Companies could face significant bills for unpaid income tax and National Insurance contributions if CEST decides a sub-contractor should be classed as employed and taxed through PAYE.

WINDOWS 7 UPDATE

Windows 7 has recently had its 8th birthday, which is a long time in computer security terms. Malicious software has significantly increased in sophistication and volume since 2009 and the threats are very different today. It has been more than 2½ years since Microsoft ended mainstream support for Windows 7 and security updates will cease in January 2020. Newer operating systems, such as Windows 10, have many more modern security features that make it far more difficult for attackers to compromise.

This does not mean Windows 7 is not safe. And whilst security updates are still being released and applied, it should be resilient to common attacks. Microsoft also offers the Enhanced Mitigation Experience Toolkit (EMET) which can protect Windows 7 further with some of the advanced security features found in Windows 10. If you are still running Windows 7 and have an IT team able to configure EMET, it is certainly worth considering. It is also worth planning your upgrade from Windows 7 before January 2020, when Microsoft will stop fixing security holes, leaving remaining Windows 7 users at significant risk.

SELF-EMPLOYED SAVING DECLINE

Latest figures from the Office for National Statistics have revealed that just 25 per cent of self-employed people are actively saving into a pension, down from 40 per cent in 2008. The number of self-employed people in the UK has increased from 3.3m in 2001 to 4.8m in 2017.

TACKLING THE NEW PILON RULES

The tax treatments of payments in lieu of notice (PILONS) has been a bone of contention with HMRC for years. It often disputes whether the circumstances of a PILON allow it to be covered by the exemption up to £30,000, which applies to payments made in respect of the termination of an employment. However, new rules aim to remove the uncertainty from 6th April 2018 but contrary to what HMRC would have you believe, the changes do not always simplify the tax treatment. The new rules produce an easy to arrive at result in straight forward situations. You work out the employee's basic pay up to the last day of their employment and establish the number of days in a notice period which the employee would have been required to work and make a calculation to see how much of the pilon is in lieu of notice and how much can be considered compensation for loss of office etc. There is still £30,000 tax and NI free exemption but payments in lieu of notice have to be taxed and subject to NIC.

If you are considering an employee's termination, whatever the circumstances, do please contact us if you require any assistance.

SELF-EMPLOYED NATIONAL INSURANCE IN 2018/19

The NI regime for the self-employed was due to be reformed with effect from 6th April 2018. Draft legislation was to have been introduced into Parliament in 2017, but in November 2017 it was announced that it had been delayed until 2019. As a result, the reforms will now not come into force until April 2019, taking effect from the 2019/20 tax year onward.

Under the reforms, Class 2 NI is to be abolished. This will now take effect from 6th April 2019. Class 4 contributions are to be reformed from the same date, so as to provide the mechanism by which the self-employed can maintain their contributions record and earn entitlement to the state pension and certain contributory benefits. The reform Class 4 will look similar to the way that it operates now, but with the addition of a new small profits limit. This is to be set at 52 times the lower earnings limit applying from Class 1 NI purposes. Consequently, based on 2017/18 figures, the new small profits limit would be equivalent to £5,876.

Mirroring the Class 1 approach, under the new system the self-employed will pay contributions at a notional zero rate on earnings between the new small profits limit and the lower profits limit. The notional zero rate contributions will count towards their contributions record, enabling self-employed earners whose profits fall within this band to build up their contributions record for no cost. This will bring the treatment of self-employed clients into line with that for the

employed, who pay Class 1 contributions at a zero rate on the same earnings band.

Under the new-look Class 4, the self-employed will continue to pay Class 4 contributions at the main Class 4 rate on profits between the lower profits limit and the upper profits limit, and at the additional rate on profits above the upper profits limit.

What isn't known at the moment is exactly what the main rate will be. The Government had planned to increase it to 10% and then 11% from April 2018 and 2019 respectively. However, a wave of public and professional criticism of the so-called 'white van man tax' ensured a swift U-turn and (for now at least) the rate remains the same.

In its reformed state, Class 4 contributions will mirror Class 1 contributions when applied on an annual earnings period basis (as for company directors) – albeit (initially anyway) with different rates.

NEW RATES FOR 2018/19

Because of the delay, the current system will continue for 2018/19. The rates and thresholds will change as follows:

Class 2	
Small profits threshold	£6,205
Class 2 rate	£2.95 per week
Class 4	
Lower profits threshold	£8,424
Upper profits threshold	£46,350
Main Class 4 rate (on profits between lower and upper profits threshold)	9%
Additional Class 4 rate (on above upper profits threshold)	2%