

INSIGHT

Welcome...to our Summer 2007 newsletter



In a rare lucid moment, I was able to clearly set out what we as a firm have as our raison d'être.

I ended up with "constantly delivering excellent service, advice and products to premium clients that we want to act for, and who value our contributions".

It all sounds a bit generic and it is not as easy to achieve as it first sounds. Along the way there are all the distractions and tangents that you come across running a business, as most of you know.

I also realised that I had to stop talking about our potential, and rather should focus on actually achieving it. That's also an easy comment to make...

About this time, my good friend, Adrian Ware, MD of our Wealth Management business, Cavendish Ware, reintroduced me to Ron Tanner of Shirlaws Business

Coaching. Normally, I waved at Ron as he walked passed my office to Adrian's; this time I said "Ron, have you time for a coffee?"

Ron's version of our subsequent conversation is recounted in this Newsletter. The most satisfying part of the story to date, is how well our team have embraced the concept of coaching, and how we are now embarking on using all we have learned into our everyday business lives.

I guess I had lost sight that all the issues stopping the potential becoming actualised were staring me in the face the whole time, and I simply had to start by looking within.

If you want to talk to me about the benefits of business coaching or anything else call me on 020 7493 9595 or email me at jonw@elmanwall.co.uk

JONATHAN WALL

HMRC invite taxpayers to own up!

It's amazing how many people still believe that income from offshore accounts is not subject to UK tax!

Over the past couple of years HMRC have won important legal cases against the major Banks with offshore branches and can now force them to reveal details of account holders living in the UK. However with so much information, and possibly too little resources in manpower to follow up, HMRC have therefore now made it easy for taxpayers to own up to their previous tax evasion.

To encourage taxpayers to declare their offshore income HMRC have announced what the newspapers are calling a 'Tax Amnesty'. The so-called 'amnesty' actually only applies to the penalty that will be charged on unpaid tax, which HMRC have promised to cap at 10% if a voluntary declaration is made before 22 June 2007. The underlying tax and interest will still need to be paid

as normal, and along with the 10% penalty, this due will need to be paid by 26 November 2007.

HMRC could in theory impose a 100% penalty so potentially the amnesty looks attractive, although in reality cases involving undeclared income of this nature would possibly not exceed a 40% penalty.

Whilst the main thrust of the amnesty is in respect of undeclared offshore income, it does also apply to individuals with undeclared UK based income and also extends to employers with possible PAYE irregularities and even some aspects of company taxation.

HMRC have made this amnesty high profile – it is on the front page of their website. You can even make your intention to notify a disclosure to them online. However we do not recommend that you do this directly. Instead if you have any concerns about income that may have been mistakenly omitted from tax returns talk to us first – but hurry as the timescale to take advantage of the facility is short.

What happens if you die without a Will?

Most people think that when they die all their assets automatically belong to their husband or wife but that may not be the case. If you die without making a Will your assets are divided up according to the intestacy rules, which set out a strict order of relations who will inherit your worldly goods.



In England and Wales, if a spouse dies intestate and their estate was worth more than £125,000 at their death, their spouse (or civil partner) would only get £125,000 and a right to use half of the remainder during their lifetime. The balance would be divided between their children, or if they had died, their grandchildren.

As a consequence of this, then not only does the estate not pass as perhaps you may intend, but potentially Inheritance Tax will become payable whereas with a properly drafted will this at the very least could be deferred.

If there are no children or spouse the situation is worse, as without a Will the parents get the residue of the estate, which may well push the total of their assets over the inheritance tax (IHT) exemption threshold of £300,000. This could create a tax charge on the parents' deaths where none may have existed before.

In Scotland and Northern Ireland similar concepts apply, although the exact details are different to those in England and Wales.

Only those who are legally married, or same sex couples who have

registered a civil partnership, have any rights to their partner's assets on death. If you are not married and don't have a Will or life insurance arrangements, your partner will receive nothing on your death, even if you have been living together for years and have children together.

If you have a properly written Will, you can make gifts to whoever you wish to, free of IHT, if the total value of those bequests is less than the IHT threshold of £300,000. The balance of your estate can be left tax free to your spouse, although there are limits on the tax free amount a non-domiciled spouse can receive.

We have produced a free 'Guide to Wills' which answers most questions you might have. Please email adrian.ware@cavendishware.co.uk and we will email you a copy by return.

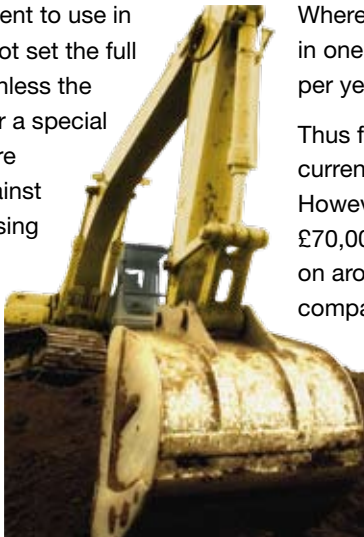
Capital allowances - the new proposals

When you buy a piece of equipment to use in your business you normally cannot set the full cost against that year's profits, unless the value of the item is quite small, or a special tax relief applies. The cost of more expensive items is written off against profits over a number of years, using the capital allowances system. Essentially this is in place of the accounts depreciation charge, but using rates set by HMRC.

Currently, for example, most companies can claim either 50% or 40% First Year Allowances on qualifying expenditure without limit, with the balance of the cost then being claimed at a reducing balance rate of 25% per annum. Up until April 2008 this system of capital allowances largely remains in place.

From April 2008 it is proposed, and there is currently a period of consultation to determine how exactly the new regime will work, that up to £50,000 spent on equipment in one year by any business will be set-off in full against the profits for that year.

This allowance should cover most items of plant and machinery purchased by smaller businesses, although cars will not be included in this total.



Where the expenditure on equipment exceeds £50,000 in one year the excess will be written off at a rate of 20% per year (on a reducing balance basis).

Thus for example, a company that spends £150,000 currently may get a deduction in year 1 of £75,000. However under the new rules this could be limited to £70,000 and indeed in this example to get tax relief on around 85% of the expenditure would take 6 years compared to 4 under the current rules.

Further, where equipment is integrated within a building used for your business, you can currently claim 25% of the remaining cost each year against profits. This will be reduced to 10% per year from 2008. This could have a significant impact for some businesses.

A similar allowance principle applies for expenditure on certain industrial or agricultural buildings and again this is now set to change. The capital allowances that are currently available for the cost of buildings (currently 4% of cost per year) will be phased out by 2011.

With this in mind there may be some significant tax advantages to be gained where expenditure is incurred prior to the start of the new regime next April. Therefore if you are planning any significant capital expenditure around that time, please contact us so that we can discuss how to maximise the capital allowances and tax relief available.

Employers' update

Smoke free

The Health Act 2006 includes provisions to make enclosed public places and workplaces smoke free from 1 July 2007. This date applies to England, as Wales and Ireland became smoke free on 2 and 30 April 2007 respectively and Scotland has already passed its first anniversary of the introduction of the law which became effective from 26 March 2006. The Act obliges employers to prohibit and take steps to prevent smoking on their premises. Clearly visible 'No Smoking' signs must be displayed at the entrance to premises that are 'enclosed' or 'substantially enclosed' (these terms are defined in the regulations).

Smoking rooms will no longer be allowed as complete smoking bans must be imposed. However you can decide to provide a smoking area outside but still on your premises, providing the area is not 'substantially enclosed'. All company vehicles used by more than one person are covered by the legislation and must display an appropriate 'No Smoking' sign.

The Smokefree England website contains lots of useful information to enable businesses to get ready for the change. For those parts of the UK which are already smoke free it enables businesses to ensure that they are complying with the law. The website address is www.smokefreeengland.co.uk

Minimum holiday entitlement to rise

The Department for Trade and Industry (DTI) has been consulting on the proposal to increase the minimum holiday entitlement from the current 20 days to 28 days. The current limit of 20 days includes statutory bank holidays.

The proposal is to increase the statutory annual leave entitlement in two stages:

- rising from 20 to 24 days on 1 October 2007, and
- from 24 to 28 days on 1 October 2008.

If the proposal becomes law employers will have to increase holiday entitlements from 1 October 2007. As this may not coincide with the holiday year it will have to be awarded proportionally from 1 October.

An employee currently entitled to the statutory minimum entitlement of 20 days (including bank holidays) with a holiday year to March 2008 would be entitled to two additional days for the 6 months covered by the increased minimum entitlement from 1 October 2007 to 31 March 2008. (4 day increase from 1 October 2007 pro rated for 6 months)

Research has shown that up to six million workers would benefit from the extra eight days holiday each year under the proposals.

The DTI consultation closed in April and details of the findings will be announced in May, too late to be included in this article. We will keep you informed of developments.

Elman Wall Travel Team

Our latest Travel E-newsletter with a news roundup and our views has recently been emailed.

Contact audrey. Kearney@elmanwall.co.uk to be added to the mailing list.

We think that there are still huge opportunities in this sector for companies who can offer their increasingly discerning potential customers exactly what they are looking for.

With the Big 4 becoming the Big 2; operators becoming retailers and retailers becoming operators; the DTI and CAA Consultation on the reform of ATOL bonding arrangements underway; no test case on 'packages' and 'liability'; HMRC not seeming to attack the 'no VAT' bed bank agencies; global warming and the growth of environmentally friendly holidays, there is never a dull moment. Someone should sell holidays to the Wild West!

We will never be at the heart of the industry as mass market retail travel doesn't overly excite us. However, we are working with more and more quality businesses, who are making good profits in niche and specialist activities and destinations. Like our clients, we seem to work best at each corner of the travel market rather than being stuck in the middle.

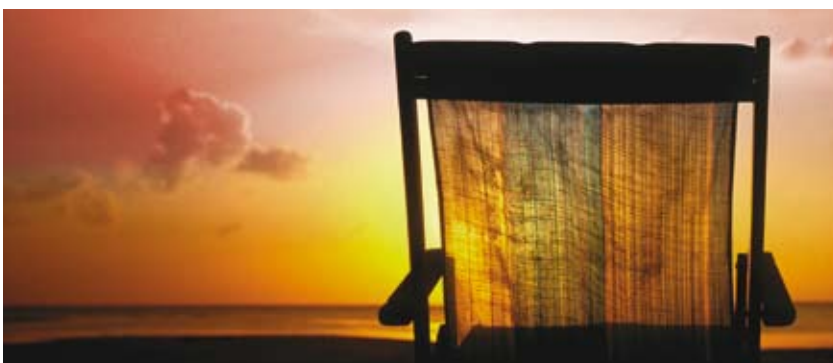
www.travelaccountants.co.uk

Congratulations



Congratulations from everyone at Elman Wall to Mike Gooley, Chairman of Trailfinders,

who was recently awarded CBE for his services to the Travel Industry and to charity.



A summer challenge!



We are sure you all remember the souvenir pens where a ship sails down a canal or hands run up and down a keyboard (and so on) when the pen is tipped downwards to write with. Some of you may even remember the Elman Wall version which included an aeroplane? (Before you ask – sorry – no stock left!)

Russell Eisen, our Director of Taxation Services, and his wife Susan, who many of you will remember as our previous office manager,

have been keen collectors of such pens for a long time, started as a reminder of when they spent a summer in Turkey as professional belly dancers (but that's another story!). They boast ownership of one of the largest collections Worldwide! Their passion extends to a website dedicated to lovers of 'floaty pens' where their collection can be viewed online – www.floatypens.co.uk - although it is now slightly out of date due to Russell spending most his time solving tax problems.

Our challenge to you....

Even though they have been collecting for quite some time they don't have them all. If you see a 'floaty pen' whilst on your travels over the summer, send it to Russell c/o Elman Wall and if it isn't already in his collection he will reward you with a bottle of champagne or a £20 donation to a charity of your choice. If he already has the pen he will return it to

you so you can start your own collection! But beware of fakes – the pens must be made in Denmark by Eskesen, the one true Worldwide floaty pen manufacturer. It should say their name on the pen clip!

Happy hunting and good luck with your quest to find a 'floaty pen' Russell doesn't already have.

A brief introduction to Business Coaching



Ron Tanner, from Shirlaws Business Coaching, recalls how he came to work with Elman Wall.

"Meeting Jonathan at Elman Wall was like a breath of fresh air. His enthusiasm for his business was infectious. At the same time there was this lingering question; "How are we going to build this business and maintain our client service levels and keep the family culture which we hold dear to our hearts?"

My first step with a new client is always to discover whether

they actually need a business coach, and if so am I the right match for them. Often clients want me to fix a specific issue in the business. It could be "How do I get more sales?" or "How do I get staff more engaged?"


I explained to Jonathan how consultants and business coaches differ. Business coaching is a relatively new industry and many businesses don't understand fully what a business coach can do for them. Consultants fix 'problems' for businesses. Accountants are consultants; they know which businesses and tax structures are best for clients. Coaching is different. It's about the client acquiring better skills themselves to deal with the daily issues of running a business.

How does coaching help then? I took the golfing

analogy. In essence Elman Wall is doing very well as a business. On the course they are playing off about a 12 handicap. The simple questions I asked Jonathan were "What handicap do you want to go down to?" and "How long do you want to take to get there?"

Although we were in a fairly busy café it felt like a strange silence had just flooded over the floor. After an unusually long pause Jonathan asked another question: "Can you help us with that?" Yes, is the simple answer. It's my job as the business coach to provide the framework for you to see your business issues and have the clarity and confidence to act accordingly.

For more information, take a look at www.shirlaws.biz

 We always say a big Thank You for referring us to your friends, family and contacts. Please think of someone you know we can help, put us in touch and we'll do the rest.

 Bet we can improve your profits! No charge if we can't. Book a Profit Improvement Session with Jonathan today.

 Are you maximising your interest? We can currently obtain 5.7% AER gross interest (4 June 2007) on a 30 day notice corporate reserve bank account. Great personal rates too. (subject to terms and conditions) What rates are you currently getting?

 Don't forget that we offer a full Wealth Management and Planning Service through our FSA regulated sister company, Cavendish Ware.