

*Some of the ways in which Howard Frank & Co can help you with your personal and business finances.*

With over 25 years' in-depth experience across a wide section of industries we are in a strong position to advise businesses on achieving their commercial objectives.

We specialise in Tax Planning and offer advice on minimising the impact of taxation on profits, personal income and wealth. We also offer the full range of accounting services including bookkeeping, company accounts, auditing, business start ups and payroll.

The combination of our value added professional approach and highly qualified personnel enable us to improve our services and help our clients build their businesses. We work on a fixed fee basis. Charges are based on a specific assignment and agreed in advance which means that our clients know where they stand. We believe that this helps to develop good relationships.



**PRIORITY FAXBACK SERVICE**  
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## LESSON ONE

An eagle was sitting on a tree resting....doing nothing. A small rabbit saw the eagle and asked him, "Can I also sit like you and do nothing?" The eagle answered "Sure, why not?" So the rabbit sat on the ground below, where the eagle was resting. All of a sudden, a fox appeared, jumped on the rabbit and ate it.

Management Lesson:

*To be sitting and doing nothing, you must be sitting very, very high up.*

*On a final humorous note...*

*An accountant is drowning – he sees his life flash before him – he then falls asleep!!!*

For further information please call us on:-

**020 8906 2232**

or email

**advice@howardfrank.co.uk.**

For further information on any of the topics covered in this issue of the Howard Frank & Co newsletter, just tick the box(es) below.

- ACCOUNTS PREPARATION
- BOOK-KEEPING AND VAT RETURNS
- BUSINESS PLANNING AND FUND RAISING
- COMPANY FORMATIONS AND SERVICES
- SELF ASSESSMENT RETURNS
- TAX INVESTIGATIONS
- PAYROLL

# HF | Howard Frank & Co.

Est. 25 Years

Chartered Accountants, Business Advisors & Tax Specialists. Registered Auditors

*"The Accountants with a value added approach"*

Winter 2004 Newsletter

**frankly speaking**

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### GOVERNMENT OBJECTIVES

The Chancellor needs all the money he can raise to reform public services.

#### How does he do this?

By raising taxes generally including:

- Higher national insurance contributions
- Increased stamp duties on property purchases
- Moving more taxpayers into the 40% higher tax rate bracket
- Greater liability to inheritance tax due to property price increases

Howard Frank & Co can also help you with the following:-

- Identifying tax efficient remuneration packages
- Maximising the benefits of self employment
- Reducing Inheritance Tax
- Effective use of Trusts
- Investing Tax efficiently
- Taxation of property home and abroad
- Running a car tax efficiently
- All aspects of Accounting, Tax and General Business Planning

### HOWARD FRANK & CO OBJECTIVES

We believe in retaining as much of your hard earned money as possible, a view shared by many of our clients.

#### How do we do this?

- Minimise taxes by effective planning
- Consider the most suitable trading status for your company from sole partnership to limited liability
- Identify all eligible expenses and reliefs
- Provide general business advice such as marketing, fundraising and coping with red tape

Introducing the team at Howard Frank & Co

The firm is headed by Howard F. Weintrob FCA ATII, a highly experienced Chartered Accountant who lectures and writes on taxation. A first class team is led by Anthony Rickman FMAAT, the Practice Manager. Each member of the team has their area of specialisation and we deal with all types of businesses. Personal service is of paramount importance to everybody at the firm and is the foundation on which the practice has been built over the last 25 years.

## CHANGES TO THE MINIMUM WAGE

Following the introduction of a new law, employers are now liable to make back-payments to former employees who have not received their full minimum wage entitlement.

New minimum wage from October 2004:-

- Adult workers will rise by 35p an hour to £4.85
- The development rate will rise by 30p per hour, to £4.10
- 16 and 17 year old workers will be entitled to a minimum wage of £3 per hour
- The earnings of home and piece workers will be linked to the minimum wage

## A GIFT FROM THE GOVERNMENT

As announced in the Budget the government have introduced a ‘Child Trust Fund’ (CTF) for every child born since September 2002.

What does this mean for you?

- The government will make an initial award of £250. The amount will be higher for children in low income families and a further award will be made when the child reaches age seven ( the amount is still to be determined)
- Family and friends can add further contributions of up to £1,200 a year to the fund.
- Income and capital gains within the fund will be tax free, but there will be no tax relief for contributions to a CTF account.
- The child cannot access the money, including any capital gains accumulated until age 18

## TAX LIABILITIES - JOINTLY OWNED ASSETS

Any income from property jointly owned by a married couple is treated for income tax purposes as belonging to them in equal shares unless an election is made for the income to be split according to the actual proportions of ownership and entitlement to income.

The Inland Revenue are now seeking to assess dividend income received in small family owned companies according to the contribution of the owners. Thus if the shares were owned say 50:50 between spouses but the husband effectively carries out all the work, the wife’s proportion would be deemed to be received by the husband for the purposes of calculating higher rate tax. The Inland Revenue are also now trying to apply this new legislation retrospectively.

*For further explanation of this new legislation please contact Howard Frank & Co*

## TAX RELIEF ON VENTURE CAPITAL TRUSTS

One of the more positive outcomes of the recent Budget was the raising of up-front income tax relief on all qualifying investments into Venture Capital Investments (VCTs) from **20% to 40%**. This means that even basic rate tax payers will get **£4,000** relief on an investment of **£10,000**.

The tax relief is only granted if the VCT shares are held for three years and the income tax liability cannot be reduced below zero. It is recommended that when investing for tax reasons rather than investment reasons the quality of what you are investing in should be key to your decision. VCT’s are complicated investments and require professional advice which Howard Frank & Co are qualified to provide.

## VAT ERRORS

If during a VAT visit an error is detected, the business is liable for a penalty of up to 15% of the VAT error. This mis-declaration penalty is levied where it is accepted that the error was a mistake.

However, Howard Frank & Co, understand that there have been occasions where the VAT officer has asked a taxpayer whether they knew the error existed but did nothing about it. The reason for this question is that non-payment of a VAT debt is considered evasion and so, an evasion penalty starts at 100% of the VAT due. This can be reduced with co-operation. In serious cases, evasion can be considered criminal, which can result in a jail sentence if serious enough.

## ADVERTISING EFFECTIVENESS - THE 6 GOLDEN RULES

1. Offer a key benefit- a benefit must be clear to the customer- i.e. what will the customer gain by using your product or service?
2. Make it easy to see and read - create short punchy sentences with everyday language and avoid jargon
3. Relate your benefit to the reader- use 'you' 'yours' not 'I', 'we'
4. Attract by being new- anything that is new is always interesting. Use it. Promote it.
5. Be credible- don't make unreasonable claims - prove what you say and back it up with customer testimonials, facts and figures
6. Stress the USP - Unique Selling Points - these differentiate you from the competition and create a value proposition to your customer. What makes your business unique?

For further information on these ideas go to:-  
[www.responsive-marketing.co.uk](http://www.responsive-marketing.co.uk)

## CAPITAL ALLOWANCES

- An improved 50% First Year Allowance is available to small businesses investing in plant and machinery for a 12 month period. The start date is April 2004 for companies and 6th April for unincorporated businesses.
- Environmentally friendly investments such as energy-saving plant and machinery and cars with CO2 emissions not exceeding 120gm/km will qualify for FYA’s at 100%. For further information go to [www.eca.gov.uk](http://www.eca.gov.uk) or contact Howard Frank & Co

## Dates For Your Diary

Many Happy Tax Returns!!

It’s that time of year to complete your tax return. Here are some helpful hints to help ease you through this process

- There are stiff penalties attached to missing the deadline. A fixed charge of £100 will be imposed if you miss the final deadline **31st January 2005**
- Late payment of tax – this is currently charged at 6.5% interest on outstanding tax not paid by 28th February 2005 after this date an additional 5% surcharge will be applied and a further 5% after 31st July 2005.
- When you submit a form online, your tax is calculated automatically, so you can delay submitting your tax past the 30th September deadline. However, if you owe tax of less than £2000 and you want it collected by PAYE, the deadline is 30th December 2004
- Don’t forget to sign and date the form.