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KF Seasonal & Kilby Fox News

The deadline for Employer Annual Returns (P35s and P14s) for the year ended 5th April 2012 were due to be filed by 19th May – if you have not yet submitted these and require some assistance, please let us know.
On 31st July 2012 the second Self-Assessment payment on account is due for the tax year ended 5th April 2012 – if you require assistance with this or are unsure of how to pay this, please contact our tax department on 01604 662 670.

KF Kilby Fox Event Programme

Kilby Fox are hosting the following events this year, if you would like to come along to any of them, please contact Gemma to reserve your place.
19th June 2012 – Summer BBQ
4th September 2012 – Games Night
26th October 2012 – Wear It Pink - Networking
4th December 2012 – Kilby Fox's Festive Feast

Kilby Fox's First Networking Event

Kilby Fox held their first official networking event in March at Northampton Town Football Club. The event went well with many professionals from the town in attendance. One professional from slightly further afield, Frank Simms from F A Simms & Partners based in Leicester, kindly donated 4 tickets to the Leicester Tigers game at Welford Road for the 30th March. The tickets were raffled off and the lucky winner was Katy Billings of the Yorkshire Bank! We hope Katy and her family enjoyed the tickets.

We are pleased to announce that the raffle raised £116.60 which was donated to the Northamptonshire Community Foundation. Jessica Pilkington, Marketing & Fund Development Manager for the Foundation thanked all that donated and informed us that all the money raised will benefit local groups and address local need.

So thank you to all those who came along to the event and for donating their cash! Thank you also to Frank Simms for donating the tickets!

Charitable Giving & Updated Guidance on Gift Aid

The government is proposing to restrict tax reliefs available to individuals such as charitable giving.

Currently individuals can offset their entire income against income tax reliefs, and as a result may pay no income tax at all. It was announced in the Budget 2012 that from 6 April 2013 there will be limits to the amount of income tax relief individuals can claim.

This cap will apply only to reliefs which are currently unlimited. This cap will be set at 25% of income (or £50,000, whichever is greater).

HMRC propose to issue a consultation document on the detail of the policy, including the implications for philanthropic giving, in the summer. We will keep you informed of developments. On the topic of charitable giving, HMRC have updated their guidance on Gift Aid declarations and provided new model declarations. They have also developed a new checklist of the minimum information to be included in a declaration if a charity decides to create and use its own declaration form.

A template of a Gift Aid declaration which lists all the information which now needs to be included can be found on HM Revenue and Customs website <http://www.hmrc.gov.uk/charities/new-model-declarations.htm>

Clean Up Your Payroll Data

HMRC have launched a new online video to help employers reduce the problems caused by inaccurate employee data.

Every year HMRC receive thousands of employer returns which contain the details of millions of employees, including their names, dates of birth and National Insurance numbers. HMRC are keen to point out that whilst the vast majority of the employee data is correct, in some cases dummy, incomplete or incorrect information is included. According to the press release: '...a recent study of employer returns found that 128 staff were entered as Mr, Ms or Mrs Dummy, while 824 employees had the surname 'Unknown'.'

'Another 40 employees, according to their dates of birth, were aged over 200.'

The short YouTube video discusses how inaccurate employer returns can affect employees, employers and HMRC and offers advice on how employers can help reduce errors.

Jim Harra, HMRC's Director of Customer Operations, said:

'It's really important that employers get their employees' information right, so that HMRC can match it to the right tax records. Otherwise, it can lead to more contact from staff, trying to sort out their tax, and from HMRC, trying to sort out the data issues.'

'So, if you've got a spare few minutes, watch the video and see what you can do to help your organisation get things right, for you, your employees and HMRC.'

If you would like any help with payroll issues please contact Gerry or Frances on 01604 662 670. The video mentioned above can be found on Youtube on the link below.

<http://www.youtube.com/watch?v=JhOm7cfJqNE&feature=BFa&list=UUX03s8aGiiPqvp992meZd6w&lf=plcp>

Fox Facts



Welcome to the current issue of Fox Facts!

With Easter now a distant memory and after the wettest April in 100 years, everyone here at Kilby Fox have their fingers crossed for the sun to come out in preparation for a lovely warm summer!

In this issue you will find articles on the Budget and some of the issues raised within it, how this might affect you and what we are doing to help. There is also an article on our latest service, a collection of tax saving strategies that may be applicable to you, please see page 2 for further details.

We would like to take this opportunity to remind you that you can place an advert in Fox Facts as big or as small as you require for a small fee, if you would like more information on this, please do not hesitate to contact Gemma who will be pleased to give you a quotation. We are also publishing our new events programme in each issue of Fox Facts, look out for it in the Kilby Fox News section on page 4. If you require further details on any events we are holding, please do not hesitate to contact Gemma on 01604 662 670.

Budget 2012

George Osborne presented his third Budget on Wednesday 21 March 2012. The Chancellor started by reaffirming the need for stability in the UK economy and finished in Churchillian style with phrases such as:

'No people will strive as the British will strive.'

'No country will adapt as the British will adapt.'

'This country borrowed its way into trouble. Now we're going to earn our way out.'

The main Budget proposals announced are:

- A further increase in the personal allowance but with a reduction in the basic rate band from April 2013.
- A reduction in the additional rate of income tax from 50% to 45% from April 2013.
- A phasing out of the age related personal allowances.
- Details of how Child Benefit will be taxed on those with income in excess of £50,000.
- An additional 1% cut in the main rate of corporation tax to 24% from April 2012.
- Increased Stamp Duty Land Tax on high value residential properties.

Details of the announcements can be found on the Kilby Fox website www.kilbyfox.co.uk. If there are any topics that you would like to discuss, please do not hesitate to contact one of our team on 01604 662 670.



Corporation Tax Rates

A further reduction in the main rate of corporation tax has been announced. The planned 1% decrease announced to take effect from 1 April 2012 is now to be a 2% decrease with the rate moving from 26% to 24%. Further 1% reductions to 23% and 22% are to take place from 1 April 2013 and 1 April 2014 respectively. The small company rate will remain at 20%.



Legislation will be introduced to impose a new charge on a taxpayer who has adjusted net income over £50,000 in a tax year where either they or their partner are in receipt of Child Benefit for the year. Where both partners have adjusted net income in excess of £50,000 the charge will apply to the partner with the higher income.

The income tax charge will apply at a rate of 1% of the full Child Benefit award for each £100 of income between £50,000 and £60,000. The charge on taxpayers with income above £60,000 will be equal to the amount of Child Benefit paid.

Child Benefit claimants will be able to decide not to receive Child Benefit if they or their partner do not wish to pay the new charge.

This charge will have effect from 7 January 2013 and for 2012/13 will apply to the Child Benefit paid from that date to the end of the tax year. The income taken into account will be the full income for 2012/13. The removal of Child Benefit from households containing a higher rate taxpayer had been announced previously. However the detail of the way in which the restriction would apply had been subject to speculation. The following HMRC example shows how the charge will be calculated:

The Child Benefit for two children amounts to £1,752 and the taxpayer's adjusted net income is £54,000. The income tax charge will be £700.80 which is calculated as £17.52 for every £100 above £50,000. For a taxpayer with adjusted net income of £60,000 or above the income tax charge will equal the Child Benefit.

If you would like more information on Child Benefit payments, please contact our tax department on 01604 662 670.

Inside this Issue

Welcome to the current issue	1
Budget 2012	1
Corporation Tax Rates	1
Child Benefit	1
P11D Deadline Looming	2
ReSolve Tax Strategies	2
VAT Fuel Scale Charges	2
Wilson Browne Advert	3
Pension Auto Enrolment	3
Seasonal & Kilby Fox News	4
Kilby Fox Event Programme	4
Kilby Fox's First Networking Event	4
Charitable Giving & Updated Guidance on Gift Aid	4
Clean Up Your Payroll Data	4

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If you would like to receive earlier editions of Fox Facts please contact Gemma on 01604 662 670



Deadline Looming

The forms P11D, and where appropriate P9D, which report employees and directors benefits and expenses for the year ended 5 April 2012, are due for submission to HMRC by 6 July 2012. The

process of gathering the necessary information can take some time, so it is important that this process is not left to the last minute.

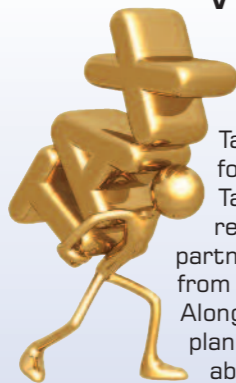
Employees pay tax on benefits provided as shown on the P11D, either via a PAYE coding notice adjustment or through the self-assessment system. In addition, the employer has to pay Class 1A National Insurance Contributions at 13.8% on the provision of most benefits. The calculation of this liability is detailed on the P11D(b) form.

HMRC have issued some guidance as to common errors on the forms in the latest Employer Bulletin. These include the following:

- Not ticking the director box if the employee is a director
- Not including a description or abbreviation where amounts are included in box A, B, L, M or N of the form
- Leaving the cash equivalent box empty
- Failing to report the full gross value of the benefit where it is provided for mixed business and private use
- Not reporting a fuel benefit where one is due.

Correct completion of forms P11D can be a complex issue. If you would like any help with the forms P11D or the calculation of the associated Class 1A National Insurance liability please get in touch on 01604 662 670.

Want to enhance your tax planning opportunities?



Kilby Fox have recently joined forces with another arm of Abbey Tax, ReSolve who specialise in Tax Planning to ultimately save tax for the UK tax payer. Some of you may already be aware of Abbey Tax, our Professional Fee Protection provider and the excellent relationship we have with them. We are delighted to be working in partnership with them again and feel sure that our clients will benefit from this new service.

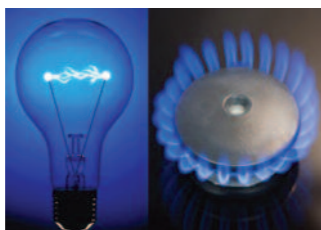
Along with our usual tax planning services, such as Inheritance tax planning, Capital Gains Tax planning, and Estate Planning, we are now able to offer our clients opportunities and products aimed at saving more tax through a portfolio of planning solutions, non-aggressive investment opportunities and complex tax planning schemes.

Although we would like to offer these schemes to all clients, they are targeted at a specific market which must meet certain criteria.

To find out more information on these new opportunities and see if you meet the criteria, please visit our website www.kilbyfox.co.uk and look at the Blog section. We will shortly be contacting clients that we already know meet these criteria but if you are unsure, please do not hesitate to contact our tax department on 01604 662 670.

We will be keeping you up to date with how these new schemes work with case studies in the next issue of Fox Facts.

If you would like more information on this article, please do not hesitate to contact us.



VAT Fuel Scale Charges

VAT Fuel Scale Charges are due where a business reclaims input VAT on fuel purchases where that fuel is used for both private and business purposes. HM Revenue and Customs have recently admitted that its previous application of the Fuel Scale Charge legislation was defective and not in accordance with EU law.

In essence, if your business has employees who are assessed to fuel benefit and you have required them to make a

contribution towards the cost of the fuel and you have been declaring VAT Fuel Scale Charges each quarter, you may have overpaid VAT. Claims for refunds are time sensitive, so please contact us as soon as possible if you believe this applies to your business.

It is also worth considering structuring any benefits packages for employees/directors that include the supply of fuel for private use so that the VAT Fuel Scale Charges do not apply at the outset. Please contact us on 01604 662 670 or advice@kilbyfox.co.uk if you would like our assistance either with setting up new arrangements or changing existing provisions.

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Pension Auto Enrolment



The timetable for the introduction of Pensions Auto Enrolment has been revised for smaller employers. Employers have been aware for some time now that the government is to introduce legislation designed to encourage more people to save for their retirement.

Under the rules employers must:

- 'auto-enrol' eligible employees into a pension scheme
- make employer pension contributions for them, and
- make deductions of employee pension contributions from the employees pay.

The rules come into force from October 2012. However they only impact on the largest employers from that date, as few employers have a workforce of more than 120,000. For those employers with a more modest number of employees the start dates have been amended. This was previously announced and has been confirmed in a written ministerial statement.

Steve Webb, the Minister of State, Department for Work and Pensions confirmed:

'On 28th November 2011, the Government announced that the timetable for the implementation of automatic enrolment will be adjusted so that small businesses are not affected by the reforms during this Parliament. This will provide them with some additional breathing space to prepare for the reforms whilst operating in tough economic times.'

'I can now confirm that under the revised timeline, all employers with an existing staging date of on or before 1st February 2014 are unaffected. This means that no large employer will have to make any changes to their plans - which are in many cases already advanced.' Medium sized employers will be re-allocated automatic enrolment dates between 1st April 2014 and 1st April 2015. This means that the implementation dates of some of these employers will be up to nine months later.

However, this still means that around 70% of eligible workers will be automatically enrolled before the end of this Parliament compared with around 75% under previous arrangements.'

'Small employers will be allocated automatic enrolment dates between 1st June 2015 and 1st April 2017.'

The guidance contains a table of revised implementation dates for small and medium employers, by size. We will keep you informed of further announcements.

More information on employers' obligations is available on the Pensions Regulator website or please do contact us and we can inform you of when you are required to enforce your automatic enrolment policy.

For monthly updates and tax reminders why not register free of charge at kilbyfox.co.uk