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KF Seasonal & Kilby Fox News

- The Tax Return deadline is over again for another year! However, if you still have not yet submitted your 2011/2012 tax return to HM Revenue & Customs and would like Kilby Fox to assist you in this, please contact our tax department on 01604 662 670.
- The Chancellor has announced that he will make his Budget Announcement on 20th March 2013. We will be publishing our notes on what the chancellor has to say that same evening. An electronic version of this can be found on our website www.kilbyfox.co.uk alternatively, if you would like to receive a copy of this in the post, please do let us know.

More flexibility in the leave available to parents

Deputy Prime Minister Nick Clegg has announced that parents will be able to share up to 12 months leave after the birth of a child from 2015.

The plans will allow working parents to take up to 52 weeks off in total either together or in separate blocks and will be more flexible than the current system.

Nick Clegg said:

'Reform is long overdue and the changes we are making will shatter the perception that women have to be the primary care-givers.'

'In the future, both mothers and fathers will be able to take control of how they balance those precious first months with their child and their careers.'



HMRC bank account details for employers

HMRC have updated their guidance to employers on paying PAYE liabilities. From April 2013 employers who make a payment to HMRC by:

- Bacs Direct Credit
- Faster Payments by online/telephone banking
- CHAPS

should make payments to a single bank account. From month 1 of 2013/14 payments should be made to the Accounts Office Cumbernauld account using sort code 08 32 10 and account number 12001039.

HMRC has started to send employers information about this change ready for 2013/14.

Child benefit opt out

The High Income Child Benefit Charge (HICBC) was introduced from 7 January 2013. It mainly applies to a taxpayer who has 'adjusted net income' in excess of £50,000, where either they or their partner is in receipt of Child Benefit. The effect of the charge is to claw back some or all of the Child Benefit paid. Where both partners have income in excess of £50,000 the charge applies to the partner with the higher income.

Adjusted net income is broadly gross income less pension payments and gift aid payments. Where a taxpayer has adjusted net income of £60,000 or more then the charge has the effect of cancelling out the Child Benefit paid. A sliding scale charge operates where income is between £50,000 and £60,000.

The charge applies to the Child Benefit paid from 7 January to the end of the tax year. However, the income taken into account will be the full income for 2012/13. Child Benefit claimants had the option to elect not to receive Child Benefit if they or their partner do not wish to pay the new charge.

According to details revealed to the BBC some 270,000 people have opted out of receiving Child Benefit. Apparently there was a late surge of around 80,000 during the weekend before the deadline of 7 January 2013.

Please visit the HMRC Child Benefit guidance link below for more details of the options available. www.hmrc.gov.uk/childbenefitcharge/stopstartpayments.htm

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

FOX FACTS



Spring 2013
Fox Facts • Issue 14

Welcome to the current issue of Fox Facts!

Welcome to the first issue of Fox Facts for 2013! Although the Festive Season is well and truly behind us now, we would like to take this opportunity to wish you a belated Happy New Year!

In this issue you will find several payroll related articles which we hope you will find of interest. We also have a detailed article on the forthcoming end of the Tax Year which suggests several ways to maximise tax savings and minimise tax liabilities, please see page 2 for more details.

Feedback is always welcome so if you have any thoughts on the subjects covered in this issue and any other comments you may have, please do let us know. Also, if there are any subjects you would like us to cover in our next newsletter or you would perhaps prefer to speak to someone about a particular subject, please email advice@kilbyfox.co.uk with a convenient time slot and the relevant person will call you.

If you would like any further information on any of the subjects covered in this quarter's newsletter, please do not hesitate to contact us on any of the contact details listed below. 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.

Record Number of Self Assessment Returns, says HMRC

In a last minute rush to beat the Self Assessment deadline, HMRC says over half a million people sent in tax returns on the final deadline day.

A record 9.61m people sent their tax return on time this year, the best performance ever. With 10.34m people in Self-Assessment in 2011-12, this means that 93% met the return deadlines – 31 October for paper and 31 January for online.

Of the 9.61m on-time tax returns, a record 83% were sent online. Less than one in five submitted paper returns.

Anyone who hasn't yet sent their 2011-12 tax return to HMRC will have already incurred a £100 late-filing penalty. To avoid any further penalties, they should send their return as soon as possible, as well as pay any outstanding tax due for the 2011-12 tax year.

The busiest day for online returns was 31 January, when HMRC received 578,000. The busiest hour occurred between 4pm and 5pm on 31 January, when 46,000 returns – more than 12 per second – were received by HMRC.



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“If your people help to plan the battle, they won’t battle the plan”
Jim Clemmer

The end of the tax year looms- **TAKE ACTION NOW!**

The tax year ends on 5 April 2013 and there are actions everyone should consider taking before that date to maximise their tax savings and minimise their tax liabilities both now and for the future. Some of these are general good tax house-keeping actions that should be taken or considered annually at this time of year, whilst others are especially relevant this year with changes in the legislation and a reduction in the highest rate of tax from 50% to 45% due from 6 April 2013.

Income Tax

- **Pension contributions.** Maximising contributions in 2012/2013 will not only save Higher Rate taxpayers 40% tax but, for the Highest Rate payers, the saving will be at 50% rather than at 45% if the contribution is left until the next tax year. The maximum annual contribution that can be made is £50,000 but if the maximum annual limit has not been used in the preceding three years the amount not utilised can be carried forward to augment the 2012/2013 limit. Contact Kilby Fox and/or your financial advisor for further advice regarding contributions.
- **Gift Aid Donations.** Relief for Gift Aid donations is available at the highest rate of tax. However, if considering a significant Gift Aid donation then making the payment between 6 April 2013 and 31 January 2014 provides better scope for maximising the tax relief available because this gives the options of either obtaining relief for the donation in the 2013/2014 tax year or carrying back the donation for relief in the previous tax year. A contribution paid between now and 5 April 2013 would only qualify for relief in the 2012/2013 tax year.
- **Loss relief.** From 6 April 2013, the relief for trading losses against the total income of an individual will be restricted to the greater of £50,000 or 25% of total income. If you are a sole trader or partnership with an accounting year end date ending between now and 5 April 2013, contact Kilby Fox to ascertain whether it would be beneficial, despite expected trading losses, to buy extra essential equipment now to obtain higher tax relief without the loss restriction.
- **Dividend income.** If you are able to control the timing of dividend payments from your company, and you pay tax at the Highest Rate or would pay at the Highest Rate because of the dividend, delaying payment of the dividend would be beneficial as the dividend rate reduces from 42.5% in 2012/2013 to 37.5% in 2013/2014.
- **ISAs.** Consider discussing with your financial adviser whether to maximise the annual tax-free ISA allowance.

Capital Gains Tax

- **Annual Exemption.** The first £10,600 of chargeable gains in a year are covered by an Annual Exemption. If you are considering disposing of chargeable assets contact Kilby Fox and/or your Investment Manager to maximise use of the annual exemption and other exemptions and reliefs that may be available.
- **Inter-Spouse Transfers.** Consider transfers of an interest in chargeable assets to your spouse/civil partner. Such transfers are free of Capital Gains Tax. On a subsequent disposal of the asset you would then each have your Annual Exemption available to set against your share of the gain.

Tax Friendly Investments

- **Enterprise Investment Scheme (EIS).** Consider an investment in an EIS and obtain Income Tax Relief of 30%. Additionally, Capital Gains can be rolled-over into EIS investments made up to one year before or three years after the disposal on which the gain was made. This means that payment of the Capital Gains Tax on the disposal would be deferred until the EIS shares are disposed of (unless a disqualifying event occurs first). However, provided that the qualifying conditions are met, there would be no CGT payable on the disposal of the EIS shares themselves. For more details please contact Kilby Fox or your Financial Adviser.
- **Seed Enterprise Investment Scheme (SEIS).** Consider investing in a SEIS and obtain Income Tax Relief of up to 50%. Unlike EIS there is no provision to defer Capital Gains Tax to a later date by rolling over the gain into the SEIS investment. However, subject to conditions, a capital gain arising in 2012/2013 can be reinvested into the SEIS made in that year and qualify for complete exemption. For more details please contact Kilby Fox or your Financial Adviser.

Inheritance Tax (IHT)

- Gifts of £3,000 annually are exempt from IHT. If a gift was not made in 2011/2012 then a gift of £6,000 can be made in 2012/2013 but note that it is only the current and the unused amount from the previous year that is exempt.
- Gifts not exceeding £250 made to any one person in every tax year are exempt from IHT.
- Gifts out of surplus income in a year (not capital) are exempt but the surplus income and the gift must be carefully recorded. If you require more information or assistance regarding any of the above or more specific tax planning advice please do not hesitate to contact us.

PAYE coding notices

HMRC are issuing PAYE tax codes for 2013/14. These new coding notices, which are due to be issued between January and March 2013, will be used against employees' pay from April 2013 onwards. It is important that these coding notices are checked carefully, as an incorrect code will result in too little or too much tax being deducted from pay or pension payments. If you are unsure whether your coding notice is correct and would like some further guidance please do get in touch.



The majority of taxpayers will see an increase in their tax code as the personal allowance (for those born after 5 April 1948) increases from £8,105 to £9,440. Those individuals with simple tax affairs (just one employer with no reliefs or benefits or tax underpayments brought forward) will generally not receive a coding notice. Their current coding of 810L will be automatically uplifted to 944L following general instructions to employers. Basic rate taxpayers will be better off with a tax saving of £267 for 2013/14.

Although the personal allowance is increasing, the point at which taxpayers start to pay the higher rate of 40% tax on their taxable income is decreasing (from £34,370 to £32,010). This means that higher rate taxpayers will generally benefit from a tax saving of £62. The withdrawal of the personal allowance for those with income over the £100,000 income limit applies for 2013/14. The reduction in the personal allowance is by £1 for every £2 of adjusted net income above the income limit. Adjusted net income for these purposes is broadly all income after adjustment for pension payments, charitable giving and relief for losses. Individuals with adjusted net income of at least £118,880 will not be entitled to a personal allowance for 2013/14.

Start up loan scheme for young entrepreneurs extended

David Cameron has announced a boost to the government's Start-Up Loans Scheme, with funding being increased by £30 million to £110 million over three years. The upper age limit for applying will also be extended from the current 24 to 30 years old. Start-Up Loans provide entrepreneurs with a range of support to get their business idea off the ground which includes access to a business mentor as well as funding of approximately £2,500. To apply for a loan visit <http://www.startuploans.co.uk/>



Employment rights-statutory limits



The limit on the amount of the compensatory award for unfair dismissal is set to increase from 1 February 2013. The current maximum of £72,300 is to increase to £74,200 due to inflation. The maximum amount of a week's pay for the purpose of calculating the basic or additional award of compensation for unfair dismissal or redundancy payments will be increased to £450. This increase on the previous limit of £430 applies from 1 February 2013.

The Gov.uk website includes a calculator of statutory redundancy entitlement.

2013/14 Statutory payments

HMRC have announced the following statutory payment rates for 2013/14. These rates are still subject to Parliamentary approval and will be confirmed by HMRC before the start of the new tax year.

Statutory Maternity Pay (SMP)	£136.78 per week
Ordinary Statutory Paternity Pay (OSPP)	£136.78 per week
Additional Statutory Paternity Pay (ASPP)	£136.78 per week
Statutory Adoption Pay (SAP)	£136.78 per week
Statutory Sick Pay (SSP)	£86.70 per week

Please contact us if you would like any help with payroll issues.

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