



New tax penalties and HMRC powers – how to protect yourself

In 2009 the Government announced extensions to HM Revenue & Customs' (HMRC's) powers and stated its intention to 'come down hard' on non-compliant taxpayers and since then further changes have been introduced.

2010 has seen these powers extended, with enhanced enquiry powers which now allow tax inspectors to simply pick up the phone and ask questions as they see fit, rather than having to open a formal enquiry.

Tax inspectors can now also insist upon an inspection visit of your business premises, although they do have to give you reasonable notice and cannot just turn up unannounced.

There is now also a new penalty structure, based on subjective reasonable care clauses.

Using a combination of all of these factors, it is possible that HMRC could drag more tax payers into lengthy investigations in their attempts to raise much needed cash for the public revenue.

Our role to protect you from HMRC is therefore now much wider and it is even more important that you let us know if you receive any approach from HMRC asking you questions about any aspect of yours or the business'

tax affairs or asking to visit for any reason.

Being selected for a review does not automatically mean you have done anything wrong or that there will be tax to pay. It does, however, mean that you are likely to need us to help you to demonstrate that your tax return was correct.

Equally, if there is an issue with your return, you will need to ensure that you have the best support available in ensuring that if penalties are applied they are done so correctly, as they are now significantly higher and can be based on a subjective opinion of the Inspector leading your case.

With the consequences and penalties associated with HMRC enquiries worsening, we believe that having the peace of mind by providing for professional fees is more important than ever. We can focus our time and effort entirely on your investigation and you won't have to worry about expenses.

We currently provide an insurance

PM+M News

This year sees the retirement of two of our long-standing partners. Michael Battersby retired from the partnership at the end of April after 28 years with the firm. Michael plans to keep busy by taking up fly-fishing, reading more novels and hopes to continue his love of walking trips. Michael will continue to be retained as a consultant for some time.

Roger Cornes also retired from the partnership at the end of April but will be continuing as a consultant of the firm. He will be in the office for three days per week. Roger has been a partner of PM+M since 2001 and hopes his retirement from the partnership will mean he has a little more time to devote to his garden and other pursuits.

From 1st May, we are delighted to welcome Jackie Fisher to the partnership.

Jackie joined PM+M in 2000 as a general practitioner and over the last 10 years her role has evolved. As a Partner, Jackie will be an important part of the management of the firm and will continue to develop her portfolio of clients.

policy called Premium Protection. With it, you will be covered for professional costs incurred of up to £100,000 per claim arising from the full range of HMRC enquiries both full and aspect, reviews and compliance checks, PAYE and VAT visits or interventions. The enquiries can be into corporation tax returns, self assessment tax returns, trust returns, PAYE or VAT returns.

We have recently sent out invitations to join the scheme to all our clients – if you have taken it up, you can rest assured you have now got excellent cover should your tax affairs be subject to an enquiry.

If you have not taken out the insurance and would like to do so or for more information, please speak to your usual PM+M contact or Lorraine Cade on Lorraine.cade@pmm.co.uk

Extra time to pay your tax bill

Originally intended as a temporary measure, HMRC has extended indefinitely its lifeline to cash-strapped businesses struggling to fulfil their tax obligations.

Companies that can prove that they will be able to pay their bills over time, but are genuinely struggling at present, and not those simply looking for cheap credit, can approach HMRC with a proposed repayment plan and are more than likely to have it accepted.

The service is intended to assist viable businesses having problems meeting their tax liabilities. It is mainly aimed at self-employed individuals and companies, but can be used by anyone and covers all taxes including income tax, corporation tax, VAT, PAYE and National Insurance Contributions.

The agreements can be made immediately if the amounts concerned are not large. If the situation is more complex or there is a particularly large liability then HMRC have to respond to the request within four days.

HMRC will expect the individual to offer a regular payment plan and goodwill can be achieved by making an initial payment of as much as possible.

The best outcome is achieved by approaching HMRC with a proposal before the tax is due, together with a realistic payment plan that the business is confident can be achieved. For HMRC, there is nothing worse than over-promising and then failing to keep to the agreed payment schedule. This is likely to trigger an adverse reaction and a reluctance to make future arrangements with you."

If you think a repayment plan would be beneficial to you or your business, call Julie Walsh on 01254 679131 who will be happy to help you come up with a suitable payment schedule.

STOP PRESS: On Tuesday 22nd June, George Osborne will deliver the first budget of the new coalition government. To help you understand the new measures being introduced and how they may affect you and your business, as well as providing help and advice on personal planning measures, PM+M will be hosting a short breakfast seminar on **Wednesday 23rd June 2010 at Stanley House, Mellor**. Please visit www.pmm.co.uk or call Claire Jewsbury on 01254 679131 for more information.

Salary Exchange

The recent increase in National Insurance Contributions (NICs) - the much publicised 'tax on jobs' - is likely to be followed by further hikes in the future as Government looks to increase its revenues. How can you reduce your current tax bill and protect yourself from future increases in NICs? The answer is Salary Exchange!

What is Salary Exchange?

Salary Exchange (or Salary Sacrifice as it is sometimes called) is an arrangement where an employee agrees to give up some salary or bonus. The amount given up is then used by the employer to provide a non-cash benefit to the employee (pension contribution).

The Benefit

- As the employee receives less gross salary
- Employers save on their National Insurance Contributions bill.
- Employees save on tax and National Insurance Contributions bill.
- Reinvesting these savings in a pension plan may give a bigger retirement fund.

How can we help?

- We will work out the tax savings for both the employer and employees.
- Arrange the necessary paperwork.
- Advise on the most effective investment strategy to maximise potential gains.

For more information on salary exchange, please contact our wealth management team on 01254 679138

Corporate Finance News

PM+M Corporate Finance have recently provided corporate advice to their client, Darwen based WEC Group on their acquisition of Nutter Aircrafts Limited.

WEC Group, headquartered in Darwen, comprises five divisions, each specialising in different aspects of fabrication engineering.

Managing Director PM+M Corporate Finance, Jim Akrill, said of the deal, "WEC is a strong, growing business and the acquisition makes good strategic sense for them. This deal illustrates how, with the right approach and advice, it is still possible to get deals done, even in the current, difficult economic climate."

Daniel Milnes, Partner at Forbes Solicitors whose Business Law and other specialist teams advised WEC Group on the deal commented "At a time when other companies are putting up the shutters it is a testament to our client's ambition that it is taking this opportunity to expand its operations by making this acquisition. WEC is a success story for the North West and we are proud to assist it in getting things done."

If you would like to speak to our corporate finance team about your business, please call Jim Akrill on 01254 679131

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