

## Moulton Johnson Quarterly



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## DO YOU KNOW ANYONE STARTING A NEW BUSINESS? WE CAN HELP!

According to the Federation of Small Businesses, hundreds of thousands of start-ups are expected this year. Apparently in the UK, we're losing 120 small to medium sized enterprises (SMEs) every day but for each one of those, around 11 are starting up. That's approaching half a million new SMEs in 2009. The majority of them are one person businesses', risk averse, taking on little or no debt, and not employing anybody else any time soon.

As far as the UK's economic recovery goes, they point to long and slow progress because they'll do little to reduce the rising unemployment count. Of the 4.7 million firms in the UK, only 6,000 are big businesses. The rest are SMEs which employ nearly 60% of the workforce.

SME's have been more robust in the current recession than many analysts expected. At the height of the recession in 1991, 1,000 SMEs a week were closing. This time around they seem to be carrying less debt and are better placed to make their repayments and keep their costs down.

### Redundancy money

So why are so many would be entrepreneurs choosing now to give it a try? People are looking for something to do with their redundancy money. Savings are attracting such derisory levels of interest that people are more willing to take the risk. Like many new business owners they're able to finance the start-up themselves without borrowing, and they intend to stay small. It's always that bit cheaper to start up in recession. If you have an idea for how to improve on something already on the market you could find that a lot of your competition has already gone to the wall, leaving the way clear for you to pick up the customers as the economy recovers.

**If you know anyone who is thinking of starting a business, why not give us a call and we will send them our free "New Business Kit – The financial, tax and accounting considerations of starting a new business".**

## Team Update

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### Exam Success

Congratulations are in order for two of the MJ Team, both Kelly (Brentwood) and Katie (Byfleet) were successful in the exams that they sat in June. Well done to both of you from all at MJ, keep up the good work.

### Safe Landing

Kelly is again in the news but for a completely different reason and one that is not related to work. On Sunday 4<sup>th</sup> October she successfully completed an abseil down Colchester Town Hall in aid of the Marie Curie Cancer Care charity. Well done Kelly it takes a lot of courage to step off anything backwards on a rope, particularly when you are 90 feet up, unless of course you are a seasoned mountaineer.

We are sure that if anyone wishes to make a donation to show support for her efforts she would be only too pleased to give you the charity details, please contact her at our Brentwood office.

### Welcome Return

And last, but by no means least, we would all like to welcome Sarah-Jane back to our Brentwood office following her maternity leave. We are sure that you will agree that her happy smiling face has been missed since December last year.

## INCOME TAX DIARY

### Changes from April 2010

- The amount of basic personal allowance has not been set, but from 6 April 2010 the allowance will be subject to income limits of £100,000 and £150,000.
- This will mean that where an individual's income is below the £100,000 income limit, they will continue to be entitled to the full allowance.
- For those who will be affected, their personal allowance will be reduced by £1 for every £2 that their income exceeds £100,000 until the personal allowance is reduced to Nil. (This is instead of the two-stage reduction announced at the Pre-Budget Report)
- From 6 April 2010 taxable non-savings and savings income above £150,000 will be liable to income tax at a new rate 50 per cent.
- The new rate of tax of 42.5% will apply to dividends which would otherwise be taxable at the new rate of 50%. There will therefore be three rates of tax for dividends; the 10% basic rate, the 32.5% upper rate and the 42.5% higher rate and the trust rate will also increase to 50 per cent.
- The main rate of Class 1 and Class 4 National Insurance Contributions will be increased by 0.5 per cent to 11.5 per cent and 8.5 per cent respectively.
- The Class 1 employer rate of National Insurance contributions will be increased by 0.5 per cent to 13.3 per cent. The increased rate will also apply to Class 1A and Class 1B contributions.
- The additional rate of Class 1 and 4 National Insurance Contributions will be increased by 0.5 per cent to 1.5 per cent.

## SERVICE ADDRESS SERVICE

**The 1<sup>st</sup> October saw the implementation of all the final elements of the Companies Act 2006, one of which may have escaped the attention of some company Directors.**

It has been a requirement of all previous versions of the Companies Acts for Directors to disclose their personal residence address to the public at large by having it registered at Companies House. Whilst it is still required under the Companies Act 2006 for a Director's address to be registered, it does not have to be disclosed to the public if they opt instead to use a service address. This could be of great interest to many directors. But which address do they use, after all the business trading address is often their home address. A solution is at hand. If your company already uses our Company Secretarial Service, which includes the use of our offices as the registered office of the company, then why not opt for our Additional add-on service address option. This option, which cost only £50 per year, allows you to have our office named at Companies House instead of your home address. This means that any unsolicited mail, official documents or possibly other unwanted attentions can be collated by us and then passed on to you with total anonymity. If you have not considered our Company Secretarial Service before then maybe now is a good time. For a cost of only £150 per year, you get the use of our office as the registered office, preparation and filing of all Companies House forms, including the Annual Return and reduced filing fee, plus the peace of mind that it is all dealt with, freeing you up to focus on your business. Interested? Then call either office and get us to deal with the red tape for you.



## A New Angle on “Snail Mail” From paper to electronic!

The Swiss postal service now offers an electronic Post Box to customers wanting to receive their physical letters over the internet.

This system was first developed by the Seattle-based company Earth Class Mail, which has its own subscribers around the world.

### 'Relevant mail'

For 14 Euros (£12) a month, letters are redirected to a secret location in Zurich where the envelopes are scanned and an image is e-mailed out to customers. They can then decide whether letters should be opened and scanned by vetted personnel sworn to secrecy, or simply shredded.

### Internet power

The Swiss Post Box service is currently only available in Switzerland and Germany, with plans to expand to locations in France, Italy and Austria this year. The service is tapping into the power of the internet which is replacing snail mail business with e-mails, documents in PDF files and downloads.

We wonder if this will work in Britain?

We can think that Ex-pats would benefit and those working away from home, but maybe there will always be the need for the Postman as we do still love putting pen to paper!

## HIGHER RATE BUSINESS AND INCOME TAX PAYERS – SOME PLANNING TIPS

From April 2010, the top rate of income tax will be 50 per cent for individuals with an income over £150,000. Restrictions will also apply to personal allowances where income exceeds £100,000. The point at which the personal allowance is fully reduced will depend on the level of the personal allowance for 2010/11 but is around £112,950 at current levels.

So what advice and options are available for higher rate tax payers?

### 1. Profit extraction by way of dividends:

- Accelerating the payment of dividends by 5 April 2010 can achieve a significant tax saving.
- Extracting profits early by dividends is something that shareholders of UK companies should consider now to avoid the new higher rates of income.

### 2. Incorporating your business:

- If you are making substantial profits and are thinking about retiring or selling soon from being a sole trader or in a partnership, then you could save tax by incorporating your business into a company. Tax savings can be achieved by incorporating the business and benefiting from lower rates of tax under the corporation tax and capital gains tax (CGT) regimes. There is always the risk though that tax rates may change.

### 3. Reward employees through a share scheme:

- Share schemes offer a tax-efficient way of remunerating employees, with tax advantages for the employees and the company. Share schemes can be used to replace existing cash rewards, such as annual bonuses, reducing the cash drain on companies at a time when money is tight.

### 4. Salary sacrifice schemes:

- Tax savings can be achieved by employees receiving a non-cash benefit in exchange for part of their salary, typically an employer pension contribution. This results in lower tax and National Insurance Contributions (NIC) for the employee and lower NIC for the employer as there is no income tax or NIC to pay on the sacrificed amount.
- Remember tax rates and timings may change.

**Don't delay any tax planning. Please talk to us soon if you think you may be affected by some of these changes.**

## TECHNOLOGY – THE OLD AND THE NEW!



### The Oldest!

#### Britain's oldest working computer, rebooted

The oldest original working computer in the UK, which has been in storage for nearly 30 years, is getting restored to its former glory.

The Harwell computer, also known as WITCH, is getting a second lease of life at the National Museum of Computing at Bletchley Park. The machine is the oldest surviving computer whose programs, as well as data, are stored electronically, according to the museum.

It was a feat for its time. Harwell was operational until 1957 and was then used in computer education until 1973. After that it was disassembled and put in storage – only to be revived now.

The Harwell will be housed alongside the rebuild of the earlier, code-breaking Colossus Mark II, the world's first electronic computer.

### The Latest!

Bluetooth burglar alarm protects mobiles and laptops.  
Radio controlled alarm fobs off thieves.

Mobile technology specialist TenBu has launched a Bluetooth based security gadget called Nio that protects laptops and other Bluetooth devices while you're away from the office. Nio works by creating Bluetooth links to your mobile devices and sounding an alarm if the link is broken, such as would happen if you accidentally abandoned one of your devices in a restaurant, or if a thief tried to run off with one.

This is an interesting use of Bluetooth technology, but it raises several questions. For example, Bluetooth devices have a poor reputation for battery life. Although the makers claim Nio's battery would last for several weeks before needing a recharge, it remains to be seen what impact using Nio would have on the batteries in laptops and mobile phones.

## Humour

Two accountancy students were walking across campus when one said, "Where did you get such a great bike?"

The second accountant replied, "Well, I was walking along yesterday minding my own business when a beautiful woman rode up on this bike. She threw the bike to the ground, took off all her clothes and said, "Take what you want".

The first accountant nodded approvingly, "Good choice. The clothes probably wouldn't fit!"

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