

Is your website behaving?



Your website is a key tool in promoting your business. Every time someone uses your site they are formulating an opinion about your company. Every aspect of your site should help convey the correct message. Below are some common mistakes that often give the wrong impression.

Out of date information

Keep the site updated regularly. If you're not going to update it each month then don't add dates to items or the news section. This will only prove to prospective clients how 'off the ball' you are.

Confusing content?

Every person visiting your site is there for a purpose, to find out information about your company. If your content is confusing or badly written and badly structured, not only will your clients get the wrong message, but the search engines will as well.

Marketing

'Having a website markets your business on a global stage', right...

Wrong. Unless you actively promote your site it's more like opening a cafe in the middle of the desert, great for those who stumble across it but not so good

for business. Spend time making sure people know your website is there and use the site to collect information about your customers.

"Splash" and "Flash" pages

Your great introductory animation may set the scene for your site, but have you considered it from the browser's perspective. Having to wait 30 seconds every time you load a page can be very tedious, especially if you forget to add a 'skip' button. Users and search engines alike will prefer to read some well written relevant content rather than looking at your spinning logo.

"META" What?

I said Meta tags... They are tags hidden in the web site code that search engines use to rank your site. Unless you have keywords, a description and a title you may be missing a trick.

Free website audit for Newsline readers

Blue Touch, a local company specialising in 'marketing friendly' websites, eCommerce and content management systems, is offering Newsline readers a free audit of their company website. Please contact James Wylie on 01442 266630 to arrange.

Rising Star



Well done Carol Howe, who scored a hat-trick at the recent STEP (Society for Trust and Estate Practitioners) Excellence Awards by gaining the top score for three of her four diploma papers, which is a fantastic achievement, well done Carol.

"I have learnt a great deal and I look forward to my future association with STEP" Carol Howe, Tax Manager.

Carol works alongside Partners David Nye and Ben Sherwood in advising clients on lifetime planning and drafting of wills in order to minimise tax liabilities on death, thus reducing the financial worry for a surviving spouse as

well as minimising the overall burden of Inheritance Tax.

Hillier Hopkins has specialist software to help us provide our clients with an efficient service in completing Inheritance Tax forms, as well as routine self-assessment returns and accounts.

For more information, please contact Carol Howe on 01442 269341 or email carol.howe@hhllp.co.uk



10 VAT pitfalls to avoid



Our VAT expert Robert Twydle has highlighted a number of issues arising from client reviews, and has identified the most common VAT pitfalls.

- 1. Not realising you are partially exempt.**
Where a business changes the nature of its transactions, such as property transactions. These transactions may be exempt and have an impact on input tax recovery.
- 2. Leaving VAT planning to the 11th Hour.**
If you plan in advance and include VAT in your planning then there may be significant opportunities that can be taken.
- 3. Not taking advantage of the bad debt relief rules.**
Under the new rules this relief can be claimed on debts whose due date is more than six months old.
- 4. Claiming Input tax on specifically blocked items.**
Items such as motorcars, entertaining, and contract hire where there is private use. Many people make the mistake of claiming for items that are specifically disallowed.
- 5. Exports without the necessary paperwork.**
It is essential that you keep proof of export, as Customs will not allow zero rating of exports to outside the EC without this and will not allow zero rating inside the EC without the

customer EU VAT number.

6. Not claiming Input Tax on some expenses.

Very often the Vat element of mileage charges and car parking (not meters) is missed as is the repair bills on cars. For items less than £50 a formal bill is not necessarily required.

7. Not accounting for fuel scale charges or own use.

If you pay for fuel for private mileage then the scale charge must be used (note this does not apply to repairs) similarly if you take goods for your own use then VAT should be accounted for on these items at cost.

8. Not remembering the deadlines and submitting returns late.

Penalties and interest can apply.

9. Not completing EC Sales lists and Intrastat returns if these apply.

These are all part of your VAT records and are required for correct completion of your return. There are also fines for non completion.

10. Getting the VAT rate wrong on your services.

Are your supplies standard, reduced, or zero rated or exempt or outside the scope.

If you have any concerns about your VAT situation contact Robert Twydle on 01923 232938 or robert.twydle@hhllp.co.uk

News update from Hillier Hopkins LLP Summer 2005

Newsline's top tips to help you keep your cool this summer

The weatherman is promising a long hot summer and we hope our newsletter gives you a few tips to make it a profitable one too. Newsline aims to keep you abreast of developments and news that impacts upon you, your family and your business. In this edition we look at a diverse range of issues that may help you save money and time, get a competitive edge in your business, get more return on your investment, plan for the future and gives you a run down of news and events that may be of interest to you.

Len Hopkins

It is with sadness that we report the news that Len Hopkins, after whom the firm is named, passed away on 22nd June. Len Hopkins first joined the firm in 1943 and set about building the practice in Hemel Hempstead. By the time Len retired as a partner in 1979, the practice had an office in Watford, 8 partners and commanded a high reputation in the area. In so many ways, Len not only gave our firm his name, but also the drive, enthusiasm and professional standing on which we are continuing to build.

Inheritance tax uncertainties

There used to be an understanding that UK tax legislation was not retrospective. Over the years, the Inland Revenue have taken exception to various tax planning arrangements and have put a stop to schemes with an announcement in Parliament followed by a change to the legislation. These changes would not have affected arrangements already in place.

That certainty no longer applies to arrangements that many have made to reduce their inheritance tax (IHT) liabilities.

IHT was introduced in 1984 and was designed to tax lifetime gifts and assets retained on death, subject to certain reliefs and exemptions. It was soon apparent that individuals were gifting assets such as holiday homes to their children but continuing to enjoy the benefit of occupation. So gifts with reservation of benefit (GWRB) legislation was introduced in 1986 to catch transactions which

apparently transferred assets but where the donor retained a benefit such as rent-free occupation.

This principle presented a fundamental problem for increasing numbers of people whose main asset was the family home that itself had increased substantially in value over recent years. However, some clever advisers thought up a scheme for transferring the family home into a trust for the benefit of the children that permitted the taxpayer to remain in the house rent-free. After seven years, the house would be outside the estate of the taxpayer and free from IHT. Magic!!

Increasing numbers of taxpayers with large houses and few other assets entered into the scheme until December 2003 when the Chancellor announced that legislation was going to be introduced to put a stop to these arrangements. But horror of horrors, the legislation introduced in the Finance Act last year

potentially catches all such arrangements made since March 1986 when the GWRB legislation was introduced.

The so-called Pre Owned Assets legislation will affect anyone who enjoys the use of assets and who has, since March 1986, provided the capital to the present owner, thereby enabling the owner to purchase those assets. Logically, the legislation surrounding GWRB could have been redrafted to catch such arrangements but instead an income tax liability will arise on an annual basis on the value of the benefit enjoyed. For land including property the benefit will be the rental value and for chattels, such as works of art, the benefit will be assessed at 5% of the value. The new income tax charge started on 6 April 2005.

What to do?

There are various exemptions and reliefs but there are likely to be large numbers of people living in property, or enjoying assets owned by their children, who were at some time given capital by their parents enabling them to purchase those assets. The self-assessment legislation applies so that it is up to the

individual to decide whether the new rules apply and if so what values should be used. There is an opt out clause whereby the taxpayer can avoid the income tax charge in return for agreeing that the asset in question will be caught by the GWRB legislation and therefore liable to IHT. Alternatively, a market rent can be paid for the use of the asset. Or the individual can stop using the asset but this could be highly inconvenient and not practical.

The first matter to resolve is whether this new legislation applies. That in itself could be a complicated exercise where the individual has been in the habit of making regular gifts. Next, calculate what the income tax is likely to be on an annual basis. Only then can the taxpayer decide the appropriate course of action.

IHT planning will never be the same and perhaps that is what was intended. In the meantime, a review of gifts made since 1986 is essential to avoid any charge that an incorrect income tax return has been made.

For more information contact David Nye on 01442 220712 or david.nye@hhllp.co.uk.

The Wrong Impression

A FREE web audit from Blue Touch will ensure you'll never be embarrassed to be seen out with your website again!

FREE WEB AUDIT

- ▶ Are your search engine rankings letting you down?
- ▶ Is your site built in a way so it helps to market itself?
- ▶ Does your site have usability issues?
- ▶ Is inappropriate technology affecting the site performance?
- ▶ Is your content getting in the way of what you are trying to say?
- ▶ Is your navigation driving your users off site?
- ▶ Are your customers leaving your site unfulfilled?
- ▶ Is your site failing to reach its maximum potential?

For more information please contact James Wylie

www.bluetouch-online.co.uk
01442 266630



Pensions and A Day - tax planning and deadlines



A few tasters

There will be a great deal of publicity over the next 12 months about A Day. A Day is 5 April 2006. After this date a new pensions regime will come into force. There are a huge number of changes that will affect many clients.

An examination of even the main changes is beyond the scope of this article. In this article I will look at a small number of areas where some clients will need to act now to avoid losing out.

1) Clients with large pension funds. Those with pension rights worth in excess of say £1,000,000 or on target for a defined benefit of £50,000 per annum should take advice before A-Day. These individuals will need to take action now to protect their existing rights. They will also have a new world of pension planning opened up

to them. For example if you are planning the purchase of an investment property perhaps you would be interested in the possibility of buying it out of pre-tax income?

2) Clients who are using the "basis year" method of justifying pension contributions. Perhaps you are using a year of high earned income in 2002/03 to justify high pension contributions in 2005/06. This facility (almost certainly) disappears on A Day. You should consider making maximum use of this rule before it disappears. Pension contributions qualify for tax relief and so a reduction in your capacity to contribute is in most cases a reduction in your ability to reduce your tax liability.

3) Clients with the old retirement annuity contracts S620. Those with an S620 (originally S226 contracts) are currently able to look back up to

six years and make a payment to "catch up" for missed contributions. This facility disappears from A Day. This is a very valuable facility for higher earners with free cashflow. The tax savings available here can be huge. This is now another use it or lose it relief.

4) Clients close to drawing benefits. If you are currently able to draw a lot more, or a lot less, than 25% of your fund as tax free cash, you should seek advice. Most individuals will be able to draw at least 25% from all sources post A Day, even AVCs and protected rights.

Trivia - 2005 will probably be the first year in the UK when those over state pension age will outnumber the under 16s.

For more information contact Ben Sherwood on 01442 220713 or ben.sherwood@hhllp.co.uk

SALE OF THE CENTURY



Thinking of buying or selling a business?

The Hillier Hopkins website gives you access to information on hundreds of businesses for sale in the UK. You can also advertise your own business and get exposure to thousands of potential buyers.

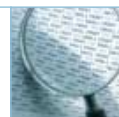
"At any one time there are around 200 businesses for sale on this site, ranging from start-ups to £20m turn over."

Simply visit www.hillierhopkins.co.uk, click on Resources and select Dealmaker to have a look at what's on offer. You can search by business activity and by region.

At any one time there are around 200 businesses for sale on this site, ranging from start-ups to £20m turnover. Around 350 accountancy firms around the country are registered to use this resource and each month the dealmaker report goes to a total of 5500 accountants through the country, that's a lot of exposure for your business.

Your first step should be to speak to your usual Hillier Hopkins contact and they will put you in touch with one of our corporate finance specialists. They have considerable experience in the sale and acquisition of businesses, including valuations and due diligence, plus we have strong links with providers of finance. In short, we can take you through the whole process from search to sign-off and make sure you get the best deal at every stage.

Speak to your usual Hillier Hopkins contact for more information on this or email info@hhllp.co.uk.



Companies - Dividend and Bonus Payments

Dividends

Following recent changes in Accounting standards, and subsequent changes in the Companies Act 1985, it will no longer be possible to include proposed dividends in company accounts for accounting periods beginning on or after 1 January 2005 (effectively year ends from 31 December 2005). In essence this means that only those dividends that have physically been paid during the year will be recognised in the accounts. For those companies whose accounts have traditionally shown a paid interim dividend, and a proposed final dividend, this will mean in the year of transition a one off increase in retained profit, and as a consequence a stronger balance sheet as well.

Importantly, as dividends are often more tax efficient than salary, the Revenue are increasingly taking a harder line, contesting that some dividend payments are in fact salary and therefore subject to PAYE and national insurance.

This is particularly relevant for those running overdrawn Director's loan accounts during the year, which are then cleared by way of "dividend" when the annual accounts are prepared. It is therefore vital that dividends

are properly documented at the time of the cash transaction; this means preparing the minutes of Board Meetings and Annual General Meetings approving the payment of dividends, and creating individual dividend vouchers.

This is an area where Hillier Hopkins' experienced team in our Company Secretarial department will be able to help.

Bonus payments

It has long been customary for directors to decide the level of any salary bonus payments once the profits for the year are known, and then to provide for the figure in the accounts. However, to be able to include a bonus provision in the accounts, and gain tax relief on this provision, rather than to wait a further year when the bonus has been paid, one of the following must apply:

- The directors have documented their agreement to pay a bonus before the year-end, communicated this to the beneficiaries of the bonus, and agreed the amount of the bonus, either the actual amount or the percentage of profits or other financial target.

- The Bonus payments are payable under contracts of employment.
- The company is able to argue that a bonus has been paid to staff, reliably and without interruption, in the past, and that staff therefore have the expectation that they will receive a bonus.

"you can still accrue bonuses in the accounts and obtain tax relief"

There is a way to deal with these problems

To summarise, you can still accrue bonuses in the accounts and obtain tax relief thereon, but some forward planning is essential before the company's year end. We are happy to meet with you to discuss your company's requirements in more detail.

Contact your usual contact or Phil Collins, who can be reached on 01923 809425 or phil.collins@hhllp.co.uk

Squeeze more out of your IT systems



SMEs spend on average between 2-3% of turnover on IT and most are not getting the maximum benefit out of their systems. For many, the business is working around IT rather than the IT working for the business. Common inefficiencies include:

- Poorly configured IT systems, causing major inefficiencies and the need to purchase costly and unnecessary software to compensate.
- Having more software than you need. Would you pay a member of staff a full time salary to work part time hours? Having a software review can often cut expensive licensing costs for unnecessary software. On-the-job training helps your team utilise the software to achieve maximum productivity.
- Not applying all of the latest security patches and updates, leaving the business vulnerable

every day to damaging and costly virus attacks, while confidential information is open to breach from the ever-increasing amount of spyware, possibly resulting in fraud.

- Not ensuring that a regular and reliable backup of data is happening. Companies hit problems when they haven't regularly tested restoring their data from the backup, critical data is lost, time is wasted and profits are hit.
- Not giving systems a regular health check to make sure that they are performing well and are in tip-top condition. It could save you making expensive IT purchasing errors in the future.

If you have concerns about your IT, call the Chartered IT Solutions Helpdesk for advice on 01442 220770 or email alanm@charteredit.co.uk

Chartered IT Solutions



Are you throwing money down the drain?

You could be losing money, time and resources by not having the right IT system in place. We have just helped a client significantly reduce their IT budget.

Call us now to see how we can help you save money.

As a client of Hillier Hopkins you are entitled to a discounted rate on Chartered IT Solutions' products and services.

For more information logon to: www.charteredit.co.uk/hhllp

Truly Madly Mozart Sponsorship



Supporting local hospices and the importance of palliative care

When asked to be lead sponsor of the charity gala performance, Truly Madly Mozart, in aid of The Watford Peace Hospice and Hospice of St Francis in Berkhamsted, Hillier Hopkins jumped at the chance. The two hospices provide palliative care and support to thousands of people and their families who are suffering with life threatening illnesses.

The Truly Madly Mozart concert was organised by the Berkhamsted and Chorleywood Choral Societies and was held at the Royal Festival Hall on 26th May 2005. The concert was a performance of operatic excerpts and choral music in

the presence of HRH Princess Michael of Kent. Performing together as the Gaudeamus Chorus for this special event, the choral societies hope to have raised £50,000 in aid of the two hospices.

The hospices depend on the community for over 75% of their funding needs. This not only means monetary funds but time and effort too. Here at Hillier Hopkins, staff members from our three offices have donated clothes and bric-a-brac to the two hospices' high street shops, and raised £90 from an April Fools Dress Down Day. Staff also generously gave their time by creating the 'Truly Madly Mozart' shop window display for the St Francis Hospice, and getting their hands dirty with some spring gardening.

Adding a new string to our bow



Introducing MacCorkindale Alonso Holton

At Hillier Hopkins we aim to provide a service that covers all of our clients requirements. We regularly receive enquiries from individuals and businesses who are planning on working abroad and require advice on the tax legislation that their chosen country enforces.

"specialist tax services to individuals or groups who operate within more than one tax boundary"

We are proud to introduce a partnership with MacCorkindale Alonso Holton (MAH) who offer specialist tax services to individuals or groups who operate within more than one tax boundary. Through MAH we can now offer the following services to clients: International tax planning and compliance, corporate and individual tax returns, banking & money management and investment

strategy & planning.

MAH can also provide advice and assistance on housing and personal transport (whether to rent, lease or buy), Insurance (estate planning, homeowners, life, liability/casualty, disability, medical and auto) and Education (from preschool to college.)

So if you are thinking of working or living abroad, the first step is to get personalised advice from a highly experienced and knowledgeable team. Foreign languages spoken are Spanish and French and they have offices in Harley Street in London, Los Angeles, Sydney, Cape Town and Nice.

If you require any of the above services we would be delighted to introduce you to MAH. For more information please speak to your usual Hillier Hopkins contact or visit their website www.mahibm.com

