

# Briefing

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number crunchers

➤ In the real world, time doesn't stand still. Over the years we have kept pace with the ever-changing markets, providing our clients with financial expertise that allows them to respond quickly and with confidence to opportunities and threats. Of course, our responsibility to each client goes further than getting the figures right. That's a given. We are a trusted business partner to many of the country's most influential companies and individuals, and have built our reputation on the quality of advice we provide. CONSISTENTLY.

## In this edition

The unexpected rise in CGT took many by surprise and forced the question has this Government thought through how this will impact on our already fragile economy? As the increase has taken affect, Morag Page provides a breakdown on who will really gain from the rise.

In the recent Budget the Government announced various pension changes which will impact anyone approaching retirement. You should take note of the real and proposed changes which may affect your current retirement plans. Ewan Pitcairn tells us why life *could be* a beach for those retiring on page 5.

Further reading includes pensions reforms, renovation tax breaks and a review of Premier Protection – covering the costs of an HMRC inspection.

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## Spending Review: 20 October 2010

Chancellor George Osborne departed from the tradition laid down by his predecessors and today delivered a speech focused wholly on the government's planned spending cuts over the next four years, rather than holding the "mini-Budget" we have come to expect in recent years.

There were no surprises in the Chancellor's key message: the UK has the worst structural deficit in Europe and pulling the economy "back from the brink" is going to hurt. On average, government departmental budgets will be cut by approximately 19% for each of the next four years, with a few notable exceptions such as spending on the NHS, overseas aid and education. Wide-ranging changes are also to be introduced to the welfare system to ensure that those in employment will always be better off economically than those on benefits.

### Crackdown on tax evasion

There were a few areas of interest from a tax perspective, namely the announcement that HM Revenue & Customs is to receive an additional investment of £900m to fund the continued crackdown on tax avoidance, evasion and criminal attacks. This initiative is estimated to bring in additional tax revenue of £7bn a year by 2014/15. As a deterrent to others, HMRC is to increase fivefold the number of criminal prosecutions in cases of tax evasion. New teams of investigators will be formed to focus on high risk areas involving large businesses and offshore tax evasion. HMRC will also outsource £1 billion of tax debt to private sector debt collection agencies to boost collection of taxes.

### Bank Levy

The Chancellor also confirmed the government's commitment to the Bank Levy announced in the Budget. This is an additional permanent tax levied on the banking industry and draft legislation will be published tomorrow. The Chancellor reiterated that banks must make a full and fair contribution as the economy recovers and expects the banks to work with HMRC to adopt and implement the Code of Practice

on Taxation by the end of November 2010. So far, only four out of fifteen banks have signed up voluntarily.

### Pensions

Pensions also featured heavily in the Chancellor's speech. The state pension retirement age is to be increased to 66 from 2020 for both men and women, and those in the public sector will have to contribute more towards their pensions. These changes follow an announcement on 14 October 2010 that the annual allowance for tax-relieved pension contributions will be reduced from £255,000 to £50,000 (or 100% of UK taxable earnings, whichever is lower) as of next April. High earners will continue to receive tax relief on pension savings up to this amount at their highest marginal rate. Both contributions to defined contribution schemes by the individual and their employer are taken into account, together with the capital value of the individual's annual increase in their defined benefit pension rights.

It was also announced on 14 October that the lifetime allowance, previously fixed at £1.8m until April 2016, will be reduced to £1.5m from April 2012. At present, no transitional protection measures have been announced for those approaching or already in excess of the new £1.5m lifetime allowance.

These rules replace the proposals made by the previous government in the Finance Act 2010, which had proposed limiting tax relief on contributions for people earning over £150,000 from April 2011.

Where individuals exceed the annual allowance in a given year, unused allowance from up to three previous years will be available to offset against the excess pensions savings. Carry-forward will be available against an assumed annual allowance of £50,000 for the tax years 2008-09, 2009-10 and 2010-11.

Contributions in excess of the annual limit will attract a tax charge and it is understood that, in November, the Treasury will consult on options to possibly enable those affected to meet any tax charges out of their pensions. ■

# Comfort and dismay

Capital gains for some and losses for others, writes **Morag Page**.

ALTHOUGH a rise in the rate of capital gains tax had been widely anticipated prior to George Osborne's Emergency Budget on 22 June, the timing of the rise took many in the tax profession by surprise. The rate of CGT is usually set for a fiscal year, so there was no precedent to have a rate rise just over two months into the current tax year. This is however the position we find ourselves in.

For those who undertook any sort of planning prior to 22 June, there is comfort to be drawn from the fact that the rate of tax on the gain will be 18%, as anticipated at the time of the transaction. Others may be dismayed by the fact that for transactions on or after 23 June, the lifetime allowance for Entrepreneurs' Relief rose from £2 million to £5 million. All may not be lost. Depending on the nature of the transaction, it is worth considering some of the finer points of the legislation, for example, where a share for share exchange has been undertaken, it is possible to disclaim the provisions so that a gain is crystallised at the point of the deal. This then gives two possibilities – either claim Entrepreneurs' Relief on £2 million of gain, leaving a further £3 million available provided the relevant conditions for ER are met on a subsequent disposal, or alternatively, don't claim any ER on the first disposal, leaving the full £5 million available on a subsequent qualifying disposal. As the tax return for the current year does not require to be submitted until 31 January 2012, there is no immediate rush to decide.

The whole issue of Entrepreneurs' Relief versus Business Asset Taper Relief (BATR) was raised again prior to the Emergency Budget, and indeed George Osborne even made reference to the old relief in his speech. Since ER was introduced in April 2008, it has become apparent that it was not a direct substitute for BATR, and its drafting was much more akin to the old style retirement relief. Apart from the level of gains on which ER is available, the Coalition has done nothing to change this at this stage.

Whilst there are some taxpayers for whom ER does give a substantial benefit, there are some classes of taxpayer for whom capital gains tax has most definitely gone up. During the property boom of the 1980s and 90s, many individuals bought properties to let, and saw good returns of



income as well as a substantial increase in the capital value of the asset. Taper relief was introduced in 1998 and non-business assets required to be held for ten years in order to gain the maximum benefit from this relief. This meant that after ten years, a higher rate taxpayer would see the effective rate of tax on a capital gain fall from 40% to 24%. On a disposal after 22 June, that same taxpayer has seen the rate of tax on their gain rise to 28%.

There is also the question of furnished holiday letting (FHL). The Labour government had fully intended removing all reliefs attached to FHL, however the Finance Act passed earlier this year failed to make any mention of this. The Coalition has left all the current reliefs intact, so that someone who meets the necessary conditions to make a let property qualify can enjoy a number of benefits, for example the availability of losses arising from FHL to offset against other income and a gain arising on disposal which qualifies for ER, giving rise to a tax charge of 10%.

And what about share disposals and capital gains tax reliefs? Prior to the abolition of taper relief, many taxpayers invested in portfolios of shares listed on the Alternative Investment Market (AIM) as these shares qualified for business asset taper relief after a qualifying holding period of only 2 years. There is no possibility of any such relief under the ER legislation, so again the gains on shares on AIM have increased for many taxpayers from 18% to 28%. We are aware that those involved in the administration of AIM were indeed speaking to the Coalition regarding

the possible return of reliefs, but to date this has not come about.

The rise of capital gains tax, and indeed the timing of the rise leaves a question in the minds of many advisers as to whether this will put paid to any deals taking place. Whilst capital gains tax stood at 10% on the first £2 million of gains and 18% thereafter, many people were prepared to accept the capital gains tax hit. There is no doubt that even with the rise to £5 million of gains covered by ER, the rise in tax on the balance from 18% to 28% could well put the brakes on transactions. If someone doesn't have to sell, they will be more inclined to wait and see whether rates come down, or reliefs increase, before signing that all important contract.

The other class of taxpayer which has received little coverage in all this is trusts. Finance Act 2006 saw wide sweeping changes to trust legislation, meaning that most new trusts now fall into the discretionary trust regime. This means that income tax is chargeable at the "rate applicable to trusts", which for 2010/11 has been set at 50%. In addition, trustees will now suffer capital gains tax at 28% on disposals on or after 23 June. Planning involving trusts can still be a useful tool in the

right situation, but there is no doubt that with such punitive rates of tax in place, advisers and taxpayers will need to consider these very carefully indeed. ■



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# Life's a beach

**Ewan Pitcairn** asks, at what age can, and should, you draw your pension?

WITH all the media coverage about changes to pension ages over the last few months, you might be forgiven for being a little confused about when the government is looking to let you draw on your pension fund, if ever!

From April 2010, the minimum pension age for company and personal pensions was increased from 50 to 55 so those who are lucky enough to have the funds to retire this early will have to wait up to five years longer to use their pension funds to provide an income. While few people actually retire between 50 and 55, many more people do access part of their pension funds early to pay down debt and this is now no longer an option.

The state pension age, which is currently being synchronised between men and women to 65, is now proposed to move to 66 for men as early as 2016 and for women in 2022. This is considerably earlier than the previously announced move, scheduled for 2028, and reflects the increasing awareness that an unfunded state benefit which is payable for life cannot be sustainable in the same way in 2010 as it was in 1908 when the Old Age Pensions Act was passed.

As has been pointed out, very clearly, by the main unions, this will affect those at the lower end of the income spectrum disproportionately as they are often in poorer paid manual jobs and they may well be those who are least able to continue working past 65. This change also accentuates the problem created by the reduction in the number of years needed to qualify for a full basic state pension. Many people have started to find that national insurance contributions paid in their later working years have very little affect on the pension they receive as they have already qualified for the full pension after 30 years and the succeeding 15-20 years do not add anything to their basic state pension.

At the same time as the government is pushing back the age at which you will receive the state pension, other measures are being proposed to make retirement more 'flexible'. These include withdrawal of the right for companies to enforce retirement at age 65 and the removal of the requirement to secure a pension from your personal benefits at age 75. Both of these steps were trailed in the recent Budget.

*"An unfunded state benefit which is payable for life cannot be sustainable"*

This latter step has long been campaigned for by the pensions industry, who argue that having to hand over your accumulated pension pot to an insurance company at age 75 in exchange for a lifetime annuity acts as a disincentive to save. For many people, the idea that you could use your lifetime savings to purchase an annuity, die five years later and see nothing pass to your family just provides one more reason why pensions are bad value for money.

This argument misses the point that annuities represent value for money for most individuals because those that die early help to subsidise those that live on; without this cross-subsidy annuity rates would be even worse than they are now. However, regardless of the merits of the argument, the government has now decided to take the previous administration's half hearted changes a step further and abolish this compulsory annuitisation entirely.

The changes are only at consultation stage at the moment but some immediate measures have been brought in to, effectively, move the cut off point from 75 to 77 while the discussion is going on. The main changes that are proposed are as follows:

- Age 75 limit to disappear entirely; there will no longer be a higher age limit on drawing pension benefits.
- Removal of the need to buy a 'secure' pension

at any point; income can be drawn directly from the pension fund from age 55 for life.

- Ability to pass on capital value of the pension fund to beneficiaries on death regardless of age. However, the fund will be subject to a tax charge of 55% to cover the income and inheritance tax that would otherwise be payable.
- Ability to draw income well above the normal annual limits if you can demonstrate that you already have a good level of secure and inflation proofed pension income.

If these measures become law next year then we will have a significant change in how people with larger personal and company pension funds can view their overall retirement planning. With the ability to pass on wealth to family members directly from the pension scheme at any age, and the potential to empty the pension fund if ill health strikes, strategies already in place should be revisited and future planning will be a little more flexible.

The changes to the ages and methods by which pensions can be drawn have clearly benefitted some – mainly the wealthy – and been costly for others – particularly low paid manual workers – but what we are seeing is one part of a general trend. People are living longer and their retirements are changing; retirees want to enjoy their retirement and this needs to be paid for. The baby boom generation have been wealth



generators and consumers par excellence and they are showing no signs of slowing down in retirement. ■

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# National Insurance Contributions holiday for new businesses

THE Employer's NIC holiday for new businesses setting up in certain parts of the UK was introduced with effect from 6 September 2010.

New businesses will not have to pay the first £5,000 of Employer's NIC for each of the first ten employees hired in the first year of business.

However, as the scheme is aimed at parts of the country that rely heavily on the public sector for employment, new businesses setting up in London, south-east

England and the east of England will not qualify for this scheme.

The scheme will only apply to new businesses that start up in the period from 22 June 2010 to 5 September 2013. The scheme itself will last for three years and businesses which were in existence prior to 22 June 2010 will not benefit from the scheme. The maximum saving per employee is £5,000 and, as this can apply to the first ten new employees, the maximum saving to an eligible business is £50,000.

Businesses have to apply to HMRC for the NIC holiday and certain businesses will not qualify. The businesses that will not qualify are businesses in the coal sector, certain businesses in the road freight transport sector and businesses involved in export-related activities.

Certain road transport businesses, agriculture and fisheries businesses will not be entitled to the full limit available under the scheme.

The NIC holiday will apply to

most employees, but the saving will not apply to employees who operate under companies caught by the IR35 rules and employees engaged through managed service companies.

This NIC Holiday is good news for new businesses in parts of the country but it is cold comfort for existing businesses who are struggling to stay afloat. ■

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## Encouraging news for smaller companies

Corporation tax rates cut to encourage business growth, writes **David Boyd**.

IN CONTRAST to most of the other tax rate changes announced in the Budget, the corporation tax rates are decreasing: the mainstream rate will reduce from 28% to 27% with effect from 1 April 2011 and will reduce by a further 1% each year for the following three years, down to 24%.

Furthermore, the small companies rate that applies to companies with profits below £300,000 will reduce from 21% to 20% with effect from 1 April 2011.

These reductions in the corporation tax rates are essentially being funded by reductions in the rates of capital allowances: the annual writing down allowance for expenditure in the plant and machinery main rate pool will reduce from 20% to 18%; and from 10% to 8% for expenditure on the "special rate" pool ("special rate" expenditure relates to expenditure on fixtures on buildings, long life assets and cars with CO<sub>2</sub> emissions in excess of 160g/km).

The current Annual Investment Allowance, which enables businesses to claim a 100% allowance on plant and machinery expenditure, will be reduced to £25,000 per annum, having only just been increased from £50,000 to £100,000 in the April 2010 Budget. In order that some benefit can be felt from the reduced corporation tax rates, the reductions in capital allowances will be delayed by a year, until April 2012.



Small and medium-sized businesses are being helped further in relation to their research and development (R&D) activities, in that in order to claim the enhanced relief for R&D expenditure, it will no longer be a requirement that they must own the intellectual property that derives from the R&D expenditure. This change will have effect for accounting periods ending on or after 8 December 2009, and it is expected that there will be further improvements made to the system of reliefs currently available, following a period of consultation with interested businesses.

As part of the Government's commitment to reviewing all small business taxation, there is an indication that the much-criticised IR35 'taxation of intermediaries' legislation may be abolished. This legislation has been with us for ten years now, and although designed to attack "disguised employment", it has often applied to small companies set-up for legitimate commercial reasons and not for tax avoidance.

The reductions in the rates of corporation tax are hoped to make the UK more attractive to international investors; however, one of the

biggest deterrents to inward investment remains the Controlled Foreign Companies (CFC) provisions which cover the taxation of subsidiaries of UK companies that are based in low tax jurisdictions. These provisions are to be reformed, but in order to allow a sufficient consultation process, there is some disappointment that this is unlikely to happen before 2012.

Overall the Budget brought some encouragement for small and medium-sized companies, although those companies with high capital spend will be less happy about the



reductions in the capital allowances rates, but at least there is a window for accelerating capital expenditure, before the reductions take place. ■

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# VAT increase and its impact on trade

Scott Craig prepares you for the rise.

THE following notes offer some practical guidance on the affect of the VAT rate change that will take place on 4 January 2011. In short:

- Individual consumers will see the price of standard rated goods and services increase.
- Businesses or organisations in the exempt and non-business sectors will see a reduction in profits, as the irrecoverable VAT they suffer on standard rated goods and services will increase.
- Retail businesses could suffer administrative costs implementing price changes across product lines.
- Changes will need to be made to accounting systems to ensure that VAT is recorded correctly.



## What VAT Rate applies?

Those who account for VAT on an invoice basis should apply the rate of VAT in force at the time they issue (or are obliged to issue) a VAT invoice. Invoices issued before 4 January 2011 will be liable to VAT at 17.5% and invoices issued on or after 4 January 2011 will be subject to VAT at 20%.

Those who use the cash accounting scheme are not liable for VAT on their supplies until they receive payment.

Where a payment is received (or an invoice is issued) before 4 January 2011 for goods or services that are provided after 4 January 2011, you can:

- Charge VAT at 17.5%; or
- Account for VAT at the new rate of 20% on the amounts received or invoiced.

VAT should be accounted for on a deposit at the rate in force when it is received. If a deposit is received before 4 January 2011 for goods or services that will be supplied after the change, the supplier has the option of applying the 20% rate of VAT.

The tax point for construction contracts (which can include design, advisory and supervisory services) is the earlier of the time an invoice is issued or a payment is received. If you

carry out work under a stage payment contract on 4 January 2011, invoices issued or payments received on or after that date will be liable to VAT at 20%.

## Credit notes

Credit notes or debit notes that contain a VAT adjustment must show the VAT rate in force at the time the original invoice was issued.

## VAT fraction

The "fraction" of 1/6 should be used to confirm the value of VAT.

## VAT on expenses & overheads

Computerised accounting systems should be revised to record the new standard VAT rate from 4 January 2011.

This may require the introduction of a new tax code to allow the system to process invoices showing the 17.5% rate and the 20% VAT rate. Care should be taken over the coding of services received from abroad that are subject to the reverse charge.

## Stock on hand at 4 January 2011

VAT at the 20% rate should be applied to stock sold after 4 January 2011 even if 17.5% VAT was incurred on its purchase.

## VAT returns

Businesses and organisations completing returns for a VAT return period that includes 4 January 2011 will have to account for VAT inputs and outputs at both the 17.5% and the new 20% rates.

## Quotes, contracts and price lists

Businesses and organisations may have to revise price lists, website information, publications and quotes or contracts that have been issued in advance of the rate change.

Existing contracts may also need to be adjusted to correspond with VAT invoices and accounting procedures and ensure that VAT is recorded correctly.

## Changes to the flat rate scheme

HMRC has published new output tax percentages for the flat rate scheme and these should be applied from 4 January 2011.

## Anti-forestalling measures

Measures have been introduced to prevent artificial structures that are designed to reduce the VAT charged on supplies of goods and services. Genuine commercial transactions should not be affected but large scale advance payments are likely to be the target of these measures.

## Change to VAT for those using Lennartz VAT accounting

As the VAT rate will be increased, output tax



charges under Lennartz could increase. This could result in additional VAT costs for anyone that has implemented Lennartz. ■

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## VAT recovery chance on share sales

COMPANIES that have sold shares in a subsidiary in recent years may be able to recover some VAT costs following two recent rulings. To date, HMRC's policy has been that no VAT recovery is allowable on the costs of share sales, including legal and accountancy fees, on the basis

that the sale of shares to a UK or EU customer is VAT exempt. As related costs can be considerable, so can the associated VAT costs.

Two recent cases have thrown this policy into doubt: AB SKE heard in the European Court of Justice, and the Tax Tribunal case of BAA. Both

cases concern VAT recovery on share sale transactions, and both concluded that VAT recovery is potentially much wider than has previously been thought, calling into question HMRC's long-standing policy.

The details of these two cases are complex, but there is now the

potential for greater VAT recovery on future share sales and on transactions completed in the past four years. HMRC is likely to resist any policy change strongly, of course, but has made no formal comment as yet. ■

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# When HMRC come a knockin' ...

## Will your costs be covered?

Let us handle the taxman and **Premier Protection** will handle the costs.

### Why you need protection from HMRC

HMRC are more determined than ever to claw back money from taxpayers. Did you know that with pre-return checks inspectors can ask to see records even before you submit a tax return? So with the new processes and wider powers to investigate your business, HMRC are using more efficient methods of checking for non compliance.

### They are now able to:

- Make inspections unannounced.\*
- Check your records before a tax return is filed.
- Demand records without issuing a formal notice.
- Ask third parties to check the accuracy of information.
- Investigate direct taxes, VAT and employer compliance, since inspectors are now cross trained.

Their aim is no longer to open full enquiries, but to target taxpayers and convince them to comply with HMRC underpayment estimates as quickly as possible. The most efficient way for them to do this is to demand early stage pre-return meetings.

### Premier Protection protects you from the outset. It is the widest cover available.

- Our insurance provider saw a 60% increase in all claims in December 2009 compared with the same month in 2008 so it may not be if, but when HMRC investigate.
- Disputes with HMRC can quickly spiral into time consuming and costly affairs so it's more important than ever that you or your business is protected from costly investigations.
- Even if you are found to owe no tax at all, you will still have to pay the professional fees incurred in handling your case. ▶

*"Having a conscientious accountant and thorough bookkeeping won't stop you being chosen for an investigation."*



*"We can work to get the best outcome for you or your business and you won't need to worry about keeping an eye on the costs."*

## Why you need Premier Protection

- ▶ CCH Premier Protection® is a representation service especially created to deal with HMRC's new powers and to protect you against the costs of an investigation.

By getting professionals involved from the start of any investigation you are far more likely to escape paying extra tax or penalties.

- In most cases Premier Protection will provide you with the equivalent of up to £100,000 of professional costs per incident resulting from a written HMRC intervention, including Employer Compliance (PAYE, P11D, NIC) and VAT reviews.
- With Premier Protection you will continue to deal with us, your accountants you know and trust and we'll be free to work on your case for as long as it takes to resolve the situation, up to our insurance policy limit.

### Premier Protection looks after the professional costs of representing you or your business during one of the following:

- HMRC Full Enquiries
- HMRC VAT Reviews
- HMRC Employer Compliance Reviews
- HMRC Aspect Enquiries
- HMRC Intervention relating to Self Assessment, employer compliance and VAT
- Pre-Intervention / Dispute cover
- Late returns accepted \*\*
- Pre-acceptance costs
- Directors and partners cover

**Plus:** No excess as standard and no 'reasonable care' clauses

### Business Support Helpline

With employment and health and safety legislation increasing all the time, it's vital that you have access to the right support and guidance to keep your business on the right side of the law. When you need a guiding hand or a second opinion, the Business Support Helpline gives you instant access to telephone advice from a team of experts. Helpline access is included as part of our Premier Protection scheme. Areas of advice include:

- Employment and personnel, such as disciplining an employee, dismissal, gross misconduct and redundancy.
- Health & Safety, such as reporting an accident and Hazardous substances.
- Commercial legal issues, such as landlord and tenancy, company law and copyright and patent.



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*"We are prepared to fight your corner. Let us handle the taxman and Premier Protection will handle the costs."*

*"Premier Protection can protect you or your business against the unexpected costs and take away the worry. So to protect yourself or your business contact us now."*

\*\*Where there is a perceived potential for the taxpayer to move stock/assets/trade away from the premises after being advised of a visit.  
\*\*One recent return per client is allowed to be up to 90 days late. CCH is a trading name of Wolters Kluwer (UK) Limited. Wolters Kluwer (UK) Limited is authorised and regulated by the Financial Services Authority for general insurance business.

# Workplace pension reform

Companies will be required to feather their NEST, reports

**Heather McGovern.**

2012 will bring us more memorable events than just the Olympics. October 2012 marks the beginning of the roll-out of the Government's workplace pension reforms.

It may not be as thrilling as the Olympics but it will change the face of employee pension provision in the UK. And it will very likely affect your company.

## What's happening?

The Government wants to see everyone making some provision for their retirement. So, between 2012 and 2016 (starting with the largest employers), employers will have new duties to:

- automatically enrol most of their employees into either a 'qualifying' company pension plan or NEST (a new statutory, centralised pension scheme), and
- make payments to the plan.

Even employees who don't give consent will be automatically enrolled (although they can opt-out again).

## What does it mean for you?

There is a high chance that the workplace pension reforms will impact on your existing company pension plan if you have one and they will certainly create new pension costs if you're making employee pension provision for the first time.

Auto-enrolment is likely to increase employee take-up rates and, regardless of whether you use your own company pension plan or NEST, a total payment of 8% of employees' qualifying earnings will ultimately have to be made – with the employer putting in at least 3%.



The minimum payments are being introduced in three phases, starting at 2% and stepping up to 5% in October 2016 then the full 8% from October 2017.

One thing is for sure: all employers will have to review their employee pension arrangements to make sure they're in shape for the new regime. This review may also need to include contracts of employment – for instance there can no longer be probationary periods before entry into the scheme.

NEST is designed to be a simple, low cost centralised pension plan. But this drive for simplicity means that it will have little investment choice, low contribution limits, restrictions on transfers and few options on retirement. As a result it may not suit everyone.

A company pension plan gives more flexibility. Unlike NEST, there is scope to tailor the plan design to your specific needs, allowing you to make it more appealing to senior or more financially sophisticated employees.

Of course, you can use NEST and your own plan to meet the needs of different employees -

albeit with the extra administration that running two pension plans brings.

Whichever option you choose, communicating with your employees is important so they understand the true value of their pension plan; a good pension advisor can help with this.

## Act now

There's no doubt that a good pension plan is more than an 8% payment. With pensions higher on the agenda, getting the right pension arrangements in place for your employees and communicating them properly could make a big difference to staff retention and recruitment. And it makes sense to start planning ahead and budgeting early for any additional pension costs. So don't delay. Prepare well in advance and make sure you're ahead of the pack with your company pension. ■

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# Renovation tax breaks

The HMRC-approved business premises renovation allowance (BPRA) is designed to encourage vacant commercial property being brought back into use. Syndicates, into which private investors pool their funds, can achieve 100% tax

relief on costs incurred in renovating commercial property in UK 'assisted areas'. For higher rate taxpayers, this means relief at their marginal rate of 40% or 50%.

Syndicates also benefit from gearing – usually by a multiple of

two. So, if you invest £25,000, tax relief is available on £75,000 spent on qualifying renovations. The property can then be rented out or sold to generate a return. ■

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# Fund Manager of the Year Award Winner

WE are delighted to announce that Scott-Moncrieff Wealth Management won the Advisory Firm of the Year at the Fund Manager of the Year Awards 2010 in London's Royal Albert Hall.

This is an award voted upon by investment industry and principally rewards the duty of care demonstrated by firms in selecting and placing investments on behalf of clients.

The judges recognised the performance of the firm as being an impressive one against a background

of turbulent economic conditions and volatile stock markets.

Andy Cumming, Managing Director of SMWM commented "since the financial crisis our main focus has been upon our existing clients. We have aimed to ensure that our clients understood, in plain terms, the effect the crisis has had on their investments and how we would help to develop strategies which would mitigate against the increased risks and protect their investments.

"Our turnover is up 14.3% on the

previous trading period, which was particularly encouraging in a challenging year, and proof that our strategy of keeping clients well informed with regard to movement in financial markets, and articulating its affect on their financial planning, has been a successful one.

The number of referrals we have received over the past year from our existing clients has also provided us with the reassurance that our approach is what clients want and I'm pleased to report that we have

seen a significant increase in the number of referrals we have received over the past 12-18 months".

Our Wealth Management team is currently offering readers a no obligation investment appraisal meeting. If you would like to take advantage of this limited offer please contact our client care co-ordinator Chris Rae at the address below and he will arrange a convenient time for you to meet one of our award winning consultants. ■  
[smwm@scott-moncrieff.com](mailto:smwm@scott-moncrieff.com)

## On [scott-moncrieff.com](http://scott-moncrieff.com)

### Business Briefing

### Experts' help



Professor Donald MacRae, Chief Economist, Lloyds Banking Group, provides his thoughts on what the remainder of 2010 could have in store and Bruce Cowie, Kaplan Hawksmere gives you a timely forewarning on IFRS for SMEs.

#### Public Sector Briefing

Although the decision to postpone public sector cuts from 2010/11 to 2011/12 now seems, in hindsight, short-sighted the intent to protect the fragile economic growth was well founded.

However, with the full scale of the challenges now apparent to all, it appears the cuts we will have to

And as the pursuit of efficiency savings and cost reduction continues, our Business Technology team share their views on how investing in the right technology can improve your bottom line.

make will be even more draconian than would have been necessary if earlier action had been taken. Nick Bennett provides his thoughts on how the cuts can be delivered.

#### A Briefing in three parts

Over the next few months, **Financial Insights: The**

**Interims** will provide you with a range of ideas and options to consider for your business and personal investment strategies. As usual, registration is free of charge but delegate places are limited and we will operate a first come first serve policy, go online to read more about each session and register to attend.

## Online highlights

**Latest News:** Digest of business and tax news.

#### Wealth Management:

The place to round-up your financial investments.

**SME 300:** Supporting Scotland's growing companies.

**About us:** Our partners, services, approach and association with Moore Stephens International.

#### Careers and recruitment

Current vacancies and graduate information.

## Tax Calendar

**2 Nov** Form P46 (CAR) due for quarter to 5 October

**December** Part season £150 per annum tax free per employee for party.

**30 Dec** Online deadline for coded underpayments of tax

**19 Jan** PAYE/NIC for third quarter due. PSA tax and Class 1B NIC due

**31 Jan** Self Assessment – Filing of online tax returns and deadline for payment of tax

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