



Walker dunnett news

WALKER DUNNETT TURNS 35!!

INSIDE THIS ISSUE:

WALKER DUNNETT 1
TURNS 35!!

FIRM NEWS

PRIVATE 2
RESIDENCES &
SECOND HOMES

BUSINESSES 2
GETTING RESULTS
WORKSHOPS

PIID'S 2

PLANNING YOUR 3
TRANSITION
BEFORE IT'S TOO
LATE

NEW DISCLOSURE 3
REQUIREMENTS
FOR ALL
COMPANIES

THE NEW 4
CONSTRUCTION
INDUSTRY
SCHEME

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The firm of Walker Dunnett & Co are celebrating 35 years of being one of Dundee's leading Chartered Accountants!

The practice was originally founded in 1972 by Mr Richard Walker, and moved from the old Overgate Centre to Milton Street, adding team members to help with the increasing workload.

Roger Dunnett joined the business in 1984 as an Accountant, and the office moved to its current premises on Commercial Street. A year later Roger became partner.

We are pleased to announce that Ian Bruce has joined us to help assist with our tax division.

Ian will be working with us on Mondays and Thursdays, replacing our Tax Supervisor, Margaret Morrison, who will now be working on a Tuesday, Wednesday and Friday.



Ian Bruce

ibruce@walkerdunnett.co.uk

Andy Walker, son of founding partner Richard, then re-joined the firm in 1999 as Manager having previously qualified with us. A year later Andy also became partner.

The firm has since achieved the Investors in People award in 2001, helped raise funds for various local charities, and joined the global network RAN ONE, enabling us to provide advisory and consultancy services.

The firm now employs a team of 29 team members, and has offices in Dundee and Carnoustie.



To honour our fantastic achievement of 35 years, the team ditched their usual formal attire and took a step back in time wearing the hottest fashions from the 1970's.

Over £200 was raised for Cancer Research.

Happy 35th!!!

FIRM NEWS

We also welcome back Maggie Bertie after the birth of her son in December of last year. Maggie returns to Andy's team working part-time hours for the foreseeable future.

Sticking with babies one of Roger's team, Emma Ruxton, has now started Maternity Leave and is expecting her second child in June. We wish Emma and her family all the best!

Long Service

Alison Clark, Accounts Supervisor, has been with Walker Dunnett & Co for 15 years!

Congratulations Alison!

Cancer Research

Our chosen charity this year is Cancer Research and we have two events coming up. May 2007 will see many of our female team taking part in the Race For Life event in aid of Cancer Research.

Our main event takes place on July 27th with a sponsored walk from our offices in Carnoustie to our offices in Dundee. The route is approximately 11-12 miles and is a challenge not to be taken lightly.

Sponsor Us!

To sponsor the team, contact Kelly Davidson our receptionist in Dundee on (01382) 224221 or email kdavidson@walkerdunnett.co.uk

PRIVATE RESIDENCES AND SECOND HOMES

Most people realise that their own dwelling-house is exempt from Capital Gains Tax but may not know that there are other considerations to be taken into account when thinking about selling their main residence.

RESIDENCE

A person must have resided in the dwelling-house at some time during the period of ownership to qualify for the exemption or part of the exemption. There can only be one residence in the case of a man and his wife living with him, so long as they are "living together".

GARDEN GROUND

Land which a person has for his own occupation and enjoyment with that residence as its garden or grounds is exempt up to 0.5 hectares or larger area if required for the reasonable enjoyment of the whole or part of the dwelling-house having regards to its size and character. Garden ground can be sold separately and, as long as it is approx. 0.5 hectares it would be completely exempt from Capital Gains Tax.

SECOND HOMES

The private residence exemption is not restricted to the U.K. and it is possible to make an election for a residence abroad to be classed as the "main residence". A two week holiday every year would not be classed as residing

in that home but if regular visits were made it is quite possible to elect for the overseas property to be the main residence.

LETTING AS RESIDENTIAL ACCOMMODATION



If your home or part of it has been let as residential accommodation at any time during the period of ownership any part of the gain which would otherwise be chargeable to capital gains tax is exempt to the lower of £40,000 and the amount of the gain which would otherwise be exempt. Where husband and wife are joint owners, they are treated like any other joint owners for this exemption, with the result that relief of up to £80,000 is potentially available to the couple. Care must be taken here as Revenue officers have instructions to investigate the fact of a property being in joint ownership of husband and wife where the tax is significant.

Why should you elect for the overseas home to be classed as the main residence?

Total exemption from Capital Gains Tax is given on any gains if the dwelling-house has been the main residence throughout the period of ownership, or throughout the period of ownership except for all or any part of the last 36 months of that period. This means that you do not have to reside in the house for the last three years – you will be entitled to full exemption.

If a second home is purchased (either in the U.K. or abroad) an election must be made within two years of the second home becoming a residence. The election can be made and, after a short period of time, another election can be made reverting to the first home becoming the main residence. Both homes will then have the benefit of exemption for the last three years.

If you have a second home and would like to know more about capital gains tax exemptions please call Roger, Andy or Margaret for more information.

BUSINESSES GETTING RESULTS (BGR)

Walker Dunnett & Co have been running BGR's for six years, holding close to 60 BGR workshops for clients and other business owners.

BGR seminars will help you discover the opportunities right at your doorstep and tackles the challenges holding you back. This means your business grows, your profits improve, and your lifestyle gets better and better!

Sound good? Want to join us? Book in for our next workshop in May:

"Businesses Getting Results has been a factor in the tremendous growth of Covert Security because it has encouraged me to get outside of our organisation and plan the way ahead. I would recommend other entrepreneurs to join this business club."

- Chris Lundie, Covert Security Ltd

Date: Tuesday 15th May
Venue: West Park Centre, Dundee
Time: 2:00 p.m.
 (Registration 1:50pm)
Topic: Pricing Strategies for SME's
Cost: £99 + VAT

Please book your place by ringing Helen Allan on (01382) 224221 or by emailing hallan@walkerdunnett.co.uk

P11D

The declaration of expenses/benefits paid for or provided to an employee or director form P11D must be lodged by 19th July.

This can be company cars or van fuel or mileage or any other benefits paid by the employer. We would stress that any significant personal use of vans could lead to an employee being classed as a receiving a benefit.

If you are unclear if a declaration is required please ask your usual contact at Walker Dunnett & Co.



INCREASE BUSINESS VALUE BY PLANNING YOUR TRANSITION

It's A Fact...

Only *one-third* of privately owned businesses successfully move through transition to new ownership.

This means that you may have a vision for "life after business" - but two-thirds of you do not have a plan to make it happen, and so it does not happen.

A good proportion of your wealth is probably tied up in the value of the business. It makes a lot of sense to maximise that value (i.e., get more money!) but to get there you need a formal transition plan.

There are only two types of transition:

1. Planned or voluntary transition with a proposed time and an orderly exit from the business.
2. Unplanned or involuntary transition arising from debt, disability or some incapacitating event.

It's clear none of us want the second option; but the statistics show that two-thirds of us end up with it.

So, when do you start planning for the transition? Well, it's never too early. Don't put it off until you are thinking about retiring or selling, or you may end up becoming one of these two-thirds statistics.

Like any form of wealth creation, the more time you have to build your assets, the more wealth you can accumulate. The same principle applies to your business and you should focus on building the value all the time.

There is another reason to get serious about transition and it is a recent phenomenon. We are entering a new watershed in business and professional associations around the world are sounding the warning signs.

As the "Baby Boomer" generation moves into retirement, there will be many more sellers than there will be buyers and everyone knows what

happens to prices when there are fewer buyers than sellers. The maximum business value can be realised when a buyer can clearly see that a business can operate successfully independently of the owner and can continue to generate money into the future. To achieve maximum value from a transition, it is important to deliver a strategic plan that ensures profitability.

You will also need to mentor and develop the key people in the operational activities of the business. Devoting enough time to successfully replacing yourself at this level minimises the business risk and a buyer will pay a much higher price for the business if systems are in place.

Success in Succession

So what is "success in succession"? I define it when three conditions are met:-

1. It occurs at the time of the owner's choosing.
2. It occurs in accordance with the owner's wishes for the future ownership of the business.
3. It occurs with a value that is satisfactory to the owner in conjunction with his or her wealth objective.

We very much believe in assisting our clients in planning an exit strategy from their businesses.

Please feel free to talk to either Andy Walker or myself on this vital topic and do not put it off any longer.



Roger Dunnett

NEW DISCLOSURE REQUIREMENTS FOR ALL COMPANIES

There are new regulations affecting your business as a result of the Companies Act 2006.

The First Company Law Amendment Directive notes several things about filing documents with Companies House:

1. You can now file all 'basic' documents electronically with Companies House
2. These documents can be accessed electronically by searchers.
3. Certain information about your company must be included on your website and on electronic letters and order forms.



What Does This Mean For You?

Make sure that the following is included on ALL your business letters, order forms, etc — whether hard copy or electronic:

- ◆ company name
- ◆ place of registration
- ◆ registered number
- ◆ registered office address

These must also be included somewhere on your website.

Failure to comply with the legislation could lead to fines of up to £1,000.

THE NEW CONSTRUCTION INDUSTRY SCHEME

The new Construction Industry Scheme (CIS), which started on 6 April 2007, is significantly different to the existing scheme. CIS cards, certificates, and annual returns have all been scrapped. That might sound like good news, but the drawback is that all this paperwork is to be replaced by a set of monthly tasks for every contractor.



Task 1: Identification

With no CIS card, other means will be required to identify potential workers. Individuals will need to carry documents to prove their identity details, such as name, tax reference number, and NI number. You will have to judge if those documents belong to the person carrying them and whether they are genuine.

Task 2: Self-employed or employee?

You must decide whether the subcontractor is genuinely self-employed or should be paid through the payroll as an employee. This decision depends on the terms under which the subcontractor will be working; the more control you have over the way the worker does the job, the more likely the worker should be treated as an employee. It is irrelevant whether or not the subcontractor previously held a CIS card. Any subcontractor can be self-employed for jobs where he works fairly independently, and correctly treated as an employee for other jobs where he is subject to more

control.

HM Revenue and Customs (HMRC) leaflets provide guidance on how to test whether a contractor should be treated as self-employed, or you can use the online testing system, the Employment Status Indicator tool (ESI), available at www.hmrc.gov.uk/calcs/esi.htm. For help with this complex area please talk to us.

Task 3: Verification: pay gross or net?

Where the subcontractor is genuinely self-employed you must first set up a contract and then check whether the worker is registered with HMRC to receive payments gross or net, or if he or she is registered with HMRC at all. This check is called 'verification,' and can be achieved by phoning HMRC on 0845 366 7899, or online via www.hmrc.gov.uk/new-cis.

Once you have verified a subcontractor you will not have to repeat this check for the same subcontractor for the next two tax years. Also, if you have paid a CIS registered contractor in the last two years and have seen the registration card or certificate (expiring after April 2007) you will not have to verify him before you pay him under the new CIS.

Task 4: Deduct and pay over the tax

When you pay subcontractors with tax deducted, you must supply a summary of the amounts paid and the tax deducted, a bit like a payslip. This tax deducted from subcontractors must be paid over to HMRC by the 19th of each month, or 22nd if you pay electronically. As announced in the December Pre-Budget Report, the standard deduction rate for registered subcontractors is 20%, while the higher deduction rate for unregistered subcontractors is 30%.

If you also run a payroll the PAYE deducted from employees can be paid over in a single payment with the CIS tax. If you normally pay HMRC less than £1,500 in total deductions per month you can ask to make your payments quarterly

instead of monthly. However this quarterly option does not remove your obligation to make a monthly contractor return.

Task 5: Monthly return

This not only reports all the payments you have made in the month but also asks you to confirm that you have checked the CIS registered status of all the subcontractors, and that each of those subcontractors has been correctly classified as self-employed.

HMRC will fill in the details of all the subcontractors you have used in the previous three months, plus those who you have 'verified' (see Task 3) in the last month, which will make it a bit easier to complete, but it will still be an onerous task.

You can submit the monthly return on paper or over the internet. HMRC is encouraging contractors to sign up to use the online method, as it should be quicker. Speed will be important as the submission deadline for the return will be the 19th of the following month and there will be fines imposed if the return is late. If you are late even once with submitting your monthly returns, or paying over PAYE and CIS tax deductions your gross payment status as a subcontractor may be removed. It is therefore recommended that you put a system in place for submitting these returns promptly.

For more information about the new CIS or further advice please contact Bryan Johnston on (01382) 224221 or email: bjohnston@walkerdundnett.co.uk



Bryan Johnston