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INSIDER MAR 2012

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Welcome to your March newsletter. This month we are getting ready for the Chancellor to announce the Budget on the 21st, and while we are not expecting many groundbreaking announcements, there may be changes that will affect you and your business. As always we are here to offer guidance and support so please contact us to find out how we can help. Meanwhile, as Real Time Information edges closer, now is the time to clean up your payroll data, and we weigh up the advantages and disadvantages of taking a salary or dividend.

Budget 2012 – time for a review?

Chancellor George Osborne will take to the stand on 21st March to deliver the Budget 2012. He faces a difficult task, as the next general election is not far away, and there is very little room for fiscal manoeuvre.

There is no denying we are living in tough economic times, and while there is only so much the Government can and will do, we are here to help you and make sure that you are doing everything you can to remain strong and succeed.

Whatever happens in the Budget, it serves as a timely reminder to review your business plans and ensure that you are making the most of the tax breaks that are available.

We will have a full report on the Budget available the day after it has been announced – please contact us if you would like to receive a copy and to find out how we can help you.

Don't be a payroll dummy

HMRC recently revealed that hundreds of employers have entered inaccurate information on employer returns – 128 staff had been entered as Mr, Ms or Mrs Dummy, while 40 employees are more than 200 years old according to their date of birth!

It is vital that the information submitted is correct, otherwise you could end up wasting yours and your employees' time, as HMRC needs to match the employee to the right tax records.

Correct records are important, particularly because of the new Real Time Information (RTI) system that will be compulsory from October 2013. The new system, which will require employers to tell HMRC about tax, national insurance contributions, and other deductions when or before the payments are made, instead of after the end of the tax year, is currently being tested.

If we do your payroll, please ensure that all information provided is accurate and up to date. Or, if you would like help with your payroll, please contact us for more information.

Dividend or salary?

If you are a director and shareholder of a company you could take payment by dividends, by salary, or a mixture of the two.

There are advantages and disadvantages to both methods, including:

	Advantage	Disadvantage
Salary	Reduces corporation tax bill.	Liable for national insurance contributions.
	Can be paid even when the company is making a loss.	Only available to employees.
	Can be better for cashflow.	
	Could enhance pension contribution allowance.	
Dividend	No national insurance liability.	Can normally only be paid when the company is in profit.
	Non-working shareholders are entitled to dividends.	

A popular strategy is to take a salary totalling your personal allowance, and the rest as dividends, but it is important to note that this is a complex area and a number of factors will need to be considered before making the decision that is right for you.

We can help you to weigh up your options and make sure that you are paying yourself in the most tax efficient way. Please contact us to find out more.

Plan now or you could end up working into your 70s

A recent report revealed that high pension charges and the wrong choice of annuity could cut a savers' pension income by almost a quarter – forcing some to work past their 70s.

Planning for retirement is important, particularly as life expectancy continues to rise and the state pension age edges closer to 70. There are actions you can take to make sure that you are not working into your 70s, but it is important that you seek professional advice in doing so.

Areas that you may wish to consider when putting together a retirement strategy include:

- Supplementing your pension provision with other sources of retirement income such as savings products, investments or even property acquisition;
- Working out how much you will receive from your state pension;
- When you plan to retire, and if you are a business ow] ner, when you will leave your business – whether you pass it on to others in the family or sell it and cash out, it is wise to prepare your exit strategy well in advance;
- Finally, there are matters of life assurance provision, long-term care and medical insurance to consider.

Retirement planning is complex and will depend on a number of factors, most notably your personal circumstances. It is important that you seek professional advice – please speak to us to find out how we may be able to help.

March's Money Facts

Current bank rate	**0.5%**
Quantitative Easing Scheme	**£325 billion**
Current inflation	**3.6%**