

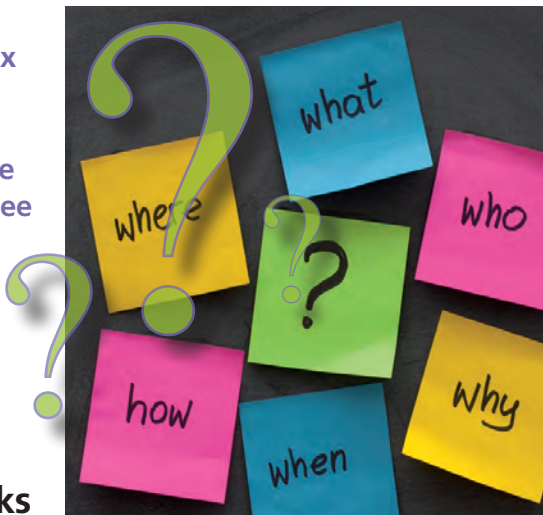
# evolution

Winter 2011

Helping you and your business to **evolve**

## An enquiring mind...?

It has been suggested that the annual amount of uncollected tax has reached a record £42 billion, equating to £1,600 for every UK household. This 'tax gap' must be reduced and inevitably, we will see an increase in tax enquiries over the coming months and years. In this issue of Evolution, Tax Manager Richard Booth looks at tax enquiries generally: who is likely to be targeted and why.



### Cross tax compliance checks

In the past, the Inland Revenue never used to talk to Customs and Excise, so it was unlikely that both entities would enquire into the affairs of an individual or businesses affairs. These days, the VAT Inspector and the Tax Inspector work closely alongside each other. Since 1 April 2009, HMRC has had one set of new powers and safeguards covering PAYE, VAT Income Tax and Corporation Tax.

These new rules give HMRC extensive and intrusive powers, with new penalties for failure to comply on the part of the taxpayer. HMRC wants to ensure consistency across all taxes, both in terms of penalties and how taxpayers are policed.

HMRC visits were previously relatively unusual but they now have enhanced access rights and can inspect premises and a taxpayers' records. They can give a minimum of 24 hours' notice or they can just turn up unannounced, demanding to inspect books and records.

### What triggers an enquiry?

HMRC routinely checks a proportion of tax returns submitted with some enquiries

being opened randomly. However, more often than not, there is a reason why the enquiry has been opened. Some key triggers include:

- High risk sectors – retailers, the construction industry and other cash businesses are always a high priority for HMRC.
- Fluctuations – if there are unexplained differences in your accounts from one year to the next, then this is likely to be flagged up with HMRC.
- Tip off – it is quite common for a disgruntled employee to snitch on his boss!
- Complex transactions – complex capital gains tax or income tax computations are likely to lead to an enquiry.
- Poor record keeping.
- Closing round numbers in every box on your tax return.

Many enquiries can be 'headed off' at the outset by ensuring that as much information is given to HMRC on your tax return – there is ample space available on your tax return to do this.

Continued on page two.

## Managing growth

As Kendall Wadley continues to grow, the partners' aim is to sustain and manage growth year on year. The Kendall Wadley management team plays a vital role in ensuring this is achieved.

Christine Perks has joined Nicky Gutteridge, Ken Jones and Richard Booth to work alongside the partners. Each manager has their own specific role:



**Nicky Gutteridge** – Small Business Director. Nicky undertakes management accounts work including monthly or quarterly direct involvement with clients. Alongside Christine, Nicky is also responsible for ensuring that both qualified staff and trainees are given the mentoring and support required to ensure they develop.



**Christine Perks** - Client Manager. Christine's primary role is to ensure that Kendall Wadley's quality standards do not slip. She is responsible for reviewing the bulk of the non-audit work. Christine and Nicky are also mentors for the less senior members of the department.



**Ken Jones** – Audit and Assurance Manager. Ken has responsibility for the firm's audit clients and specialist clients including the not-for-profit sector and those governed by financial services regulations.



**Richard Booth** –Tax Manager. Richard manages Kendall Wadley's personal and Corporation Tax compliance department and he specialises in all aspects of Corporation Tax planning.

### Did you know?

**1 January 2011** : Corporation Tax payment due for companies with year end 31 March 2010

### In this issue:

- Focus on...
- VAT update
- In the Pink

## Focus on... Payroll, Tina McCollum



Tina McCollum

Beginning a series focussing on different areas of Kendall Wadley's business and services, in this issue we take a closer look at the payroll services and meet Kendall Wadley's Payroll Manager Tina McCollum.

In the 28 years that Tina has worked at Kendall Wadley, she has gained huge, unrivalled payroll expertise which she uses to advise and manage whole client relationships for approximately 170 payrolls on a month by month basis. Across areas such as sick pay, maternity

pay, redundancy and statutory requirements, Tina works closely with clients day in, day out, as part of their team, to fulfil their individual and specific payroll needs.

Organisational skills are paramount for Tina, and something she has perfected over the years! Because each client has differing needs, with a steady flow of payrolls to be completed each month, a methodical, structured approach is key.

"Clients usually now send me information via email," says Tina. "I'm reliant on the client for the requisite details at the right time, but they in turn may be awaiting information through from elsewhere in order to send it to me. With so many factors coming into play, thorough organisation is crucial. I like to get the client's payroll done on the same day, so I need to be focussed!"

*"I work on payrolls from 1 employee to over 100 employees, and each one is different, and may also be different each month too, so we need to keep communicating."*

Tina works closely with clients to ensure that two way communication is consistent, resulting in a smoother, problem free payroll.

For Kendall Wadley's payroll clients, this is one of the principal benefits of using the firm to do their payroll. As well as saving time and money and removing the need to invest in specific staff training and specialist software, Kendall Wadley's clients really value the specialist advice and knowledge that Tina brings to her role. Malcolm Copeland, Financial Controller from client company Aroq Limited agrees:

*"Tina's attention to detail is first class and her easy style makes her a pleasure to work with. She has a comprehensive understanding of payroll and I know that I can rely upon her advice. In the three and a half years that I've worked with Kendall Wadley, Tina's help has been invaluable."*

Kendall Wadley's payroll services include: confidential payroll management, end of year payroll returns, PAYE healthchecks, recruitment advice for financial recruitment, advice on all payroll areas including sick pay, maternity, childcare, statutory requirements and redundancy. For further information, please contact Tina McCollum on 01684 892666.

## An enquiring mind...?

Continued from page one.



Should you be in a position where you receive an enquiry notice, the key is not to panic! It may simply be a brief enquiry where a simple explanation will bring a speedy resolution. However, you could be the subject of a full enquiry and you may be required to provide extensive documentation.

When dealing with an enquiry, respond to HMRC's queries promptly and courteously. Co-operation, honesty and openness are important factors to mitigating penalties. If you have an accountant, always ensure that they are informed at the outset, so they can guide you through what can often be a traumatic process.

### AND FINALLY...

Tax enquiry work is the single biggest cause of any fee dispute between accountants and their clients. Dealing with an enquiry can be costly, but insurance is available and a 'must have' for business owners, as a much more aggressive stance from HMRC is anticipated for the coming years.

For expert advice on enquiries and enquiry insurance please contact Richard Booth on 01684 892666.

### Did you know?

**19 December 2010 : PAYE & NIC deductions due for period ended 5 December 2010 (22 December 2010 if PAYE & NIC payments made electronically). Filing deadline for the CIS300 monthly return for period ended 5 December 2010**

### Date for your diary

**31/01/2011 : Balancing payment of any tax due for 2009/10 and 1st payment on account for 2010/11**

## Déjà vu – VAT back advice

**Kendall Wadley is again advising clients and local businesses ahead of the VAT rates which will change to 20 per cent from 4 January 2011.**

With so many recent VAT changes, this increase will feel like déjà vu, but the Government's New Year date to increase VAT will mean more administrative changes which businesses need to be ready for.

In keeping with the festive timing to the reverted rates, clubs, pubs and restaurants have been given a few days grace as the new rate does not come into effect until 4th January 2011 to accommodate the New Year drinkers and avoid retail complications as customers eat and drink!

Kendall Wadley Partner Liz Needham explains some of the main areas in which businesses need to be clear: "Once the New Year celebrations are over, and for all other businesses issuing VAT invoices after 4 January, they should be at 20 per cent, unless the goods/services were supplied before the rate change. And for the supply of services that span the change period, you can charge 17.5 per cent for those services provided before the change and 20 per cent afterwards." Suppliers issuing invoices prior to the rate change, but where delivery will take place after the 4 January, may charge VAT at 20 per cent.

Liz Needham and the Kendall Wadley team are advising clients to maximise sales in December, to encourage customer spending at the lower VAT rate before it goes up to 20 per cent – ensuring goods are not only invoiced or paid for before 4 January 2011 but actually supplied to the customer! Liz also alerts those businesses on the cash accounting scheme (where VAT is accounted for when payment is received): "If the supply is before 31 December this year but paid for after, then VAT is payable to Customs at the rate on the original invoice even if payment is received after the change of rate is in force."

Quotes and estimates for work to commence after 4 January should quote the increased 20 per cent rate, and those customers willing to pay before the New Year date can be charged at the current 17.5 per cent, subject to Customs and Excise's anti-forestalling legislation. Liz adds: "Refunds or credit notes should be dealt with at the same rate originally declared or invoiced, and invoices issued for 12 months in advance, must show VAT at the rate ruling when the supply is made or services delivered."



"In a nutshell, the normal tax point rules take precedence," she adds.

"Businesses need to be prepared to adjust their systems and keep up to date with the changes from HMCE who have issued some anti-forestalling legislation to stop blatant avoidance."

**Liz Needham**  
Partner  
e-mail: [edn@kwca.co.uk](mailto:edn@kwca.co.uk)



## In sight of success

**Amongst other client wins, Kendall Wadley has been appointed in recent months to the role of Accountants for Sight Concern Worcestershire. The charity, which supports the blind and partially sighted in Worcestershire, appointed the firm in April this year to handle the full range of accountancy services on its behalf.**

With its extensive experience within the charitable sector, working with other high profile local charities, Kendall Wadley was the ideal choice for Sight Concern Worcestershire. The charity is increasing the services it offers to those suffering sight loss and their families and carers within the Worcestershire community, and looking to grow in size and profile.

Jenny Gage is Chief Officer for Sight Concern Worcestershire:

*"Our Trustees were impressed with the extensive relevant experience that Kendall Wadley has in the charitable and not for profit sectors, and at a time when we are expanding our reach, their pro-active approach, experience and expertise across all areas will be a considerable asset to our continued growth."*

*"In the six months since their appointment, we have been delighted by the input of the Kendall Wadley team. They take a pro-active approach as well as being reactive to our needs, something which we are very happy with."*

Jenny Gage continues: "There are an estimated 10,000 people on Worcestershire with some form of visual impairment yet Sight Concern Worcestershire currently only has access to 2,500 of those. The appointment of Kendall Wadley comes at a time of growth and expansion for the charity to reach those who need our

support. During this period of development for Sight Concern Worcestershire, the Trustees and I are undertaking a number of important projects which will be of huge significance to the charity going forward."

Jeremy Clarke-Morris, a partner at Kendall Wadley said: "As Sight Concern Worcestershire expands to reach ever greater numbers of people, I am very pleased to be working alongside Jenny and the Board of Trustees."



**Jenny Gage and Jeremy Clarke-Morris**

## Event success

Kendall Wadley's Hereford office hosted an event for clients and business colleagues on 4 November at The Courtyard in Hereford. The event marked the retirement of Barry Jones which comes in April 2011 following 33 years with Kendall Wadley.

Partner Jon Marston, who will be working with Barry's clients said: "It was great to see clients come and meet the team. We are looking forward to taking over Barry's sterling work and continuing to develop our business network and client base in Herefordshire."

Guests were able to network and mingle over canapés and drinks themed around the flavours of Herefordshire, whilst a charity raffle in support of Megan Baker House (for children with cerebral palsy and other neurological disorders) in Leominster was match funded by Kendall Wadley, allowing the total of £202 to be given to Megan Baker House.



## Team time

**Matt Jones and Saif al Islam have joined Kendall Wadley as Trainee Certified Accountants. They are working on areas including accounts preparation, VAT returns, book-keeping and auditing.**

Charlotte Quinton joins the Malvern team as Personal Assistant to two of the partners, from a previous background in recruitment.

Kendall Wadley's Chief Executive Mark Ashworth said: "These appointments are good news, expanding our team in line with the firm's growth, and further developing our different individual departments."

Matt Jones added: "Kendall Wadley is growing and I am delighted to be part of that expansion and excited about the potential role I can have within the firm."

## In the Pink

Every year in October thousands of people around the UK are in the pink for the day to support Breast Awareness' Wear it Pink Day. This year on 29 October 2010, Kendall Wadley again supported this cause and marked the day in proud pink style!



The Kendall Wadley team

The Worcester office opened its doors to guests with an open morning packed full of jewellery, toiletries and delicious treats to try and buy including pink cakes, hot doughnuts and some pink fizz!

The Kendall Wadley team was delighted by the success of the event. Across its Worcester open morning and a raffle at its Malvern offices, Kendall Wadley raised £395.60. This sum was most kindly matched by Mark Bowen of MB Insolvency to give a total of £791.20 that Kendall Wadley donated to the charity.

Nicky Gutteridge who helped organise the event, comments: "We were determined to do as much as we could on Wear it Pink Day to support the Breast Awareness campaign, and the lure of hot doughnuts and cakes at our Worcester office open morning was clearly an impossible temptation to resist!"

"Thanks to everyone who came, and especially to Mark Bowen for matching our sum, to help us raise this fantastic amount."

### Did you know?

**31 January 2011 – Filing deadline for online submission of 2010 personal, partnership and trust tax returns. (Only certain returns can now be filed manually without receiving £100 penalty)**

**28 February 2011 – 5% surcharge levied by HMRC if balance of tax due for 2009/10 not settled by this date.**

# Kendall wadley

Chartered Accountants & Business Advisers

### Contact us:

**Worcester** Merevale House, 27 Sansome Walk, Worcester, WR1 1NU

**Malvern** Granta Lodge, 71 Graham Road, Malvern, Worcestershire, WR14 2JS

**Hereford** 21 St Owen Street, Hereford, HR1 2JB

**T:01905 26215 F: 01905 611706**

**T:01684 892666 F: 01684 892851**

**T:01432 356462 F: 01432 356419**

[www.kendallwadley.co.uk](http://www.kendallwadley.co.uk)

Kendall Wadley LLP is registered as auditors by the Institute of Chartered Accountants in England and Wales.

The information published within this newsletter has been prepared as a guide to topics of current financial and business interest. This information does not constitute professional advice; we strongly recommend you take professional advice before making decisions on matters discussed here. Although we endeavour to ensure such information is accurate and up to date, we make no representation or warranty whatsoever as to the accuracy or complement of the information and accept no liability for any loss whatsoever arising from your use of such information.