

Taking Account

MARSHALL ROCHE
Newsletter – Christmas 2009

PRE-BUDGET REPORT - COMMENT

Well, what did we expect, six months before an election – serious talk about serious measures needed to put the country back on the straight and narrow...?? No, of course not – you don't win elections by telling people how bad things really are. (And even the opposition are afraid of telling the full story, in case voters decide to shoot the messenger..)

There is the one-off tax on bank bonuses over £25k, which is a welcome shot across the bows for the banks, who shoulder much of the blame for the current economic mess, but this will not raise enough to make the slightest dent in the country's financial black hole.

But for the rest of us, we get a freezing of tax rates and allowances for the tax year 2010/11 and little more. National insurance rises for both employees and employers from April 2011, but this is likely to be only the start, once the election is out of the way.

But why do we need higher taxes and/or lower government spending? **Why can't the government continue as it has been, by printing more money to use to pay the bills and bail out failing businesses?** The answer lies in how the rest of the world views our currency – if we print more Pounds without increasing the real assets behind them, then it simply reduces the value of each Pound (even further..) compared to other currencies.

This has two main effects – firstly it means that overseas lenders will want a higher interest rate on money they lend to the UK, increasing mortgage rates, as well as increasing the cost of financing the government deficit. But it also means that the goods we buy from abroad become more expensive – this is good news for UK manufacturers, but many of the things that make life comfortable come from abroad and, as these become more expensive, life becomes less comfortable and /or we have less to spend on other things.

The simple fact is that the UK has borrowed too much and spent too much and, whichever party wins the general election (which must be held by 3 June next year), if they are to avoid a catastrophic loss of international confidence in the UK's ability to repay its debts, the government will have to start making inroads into that debt mountain.

Overseas lenders know that nothing will happen before the election, so are content to let the debts run on for now, **but once the election is out of the way, then we shall get the real Budget. And no matter who is in power, with much of government spending 'ring-fenced', further tax rises are inevitable.**

**Check out our web-site at:-
www.MarshallRoche.co.uk**

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VAT Rate returns to 17.5% - beware the pitfalls

As was originally planned, the reduction in the VAT rate will cease at the end of December, so don't forget to adjust your invoices for any work/sales after that date.

However, **beware of raising invoices dated between 1st and 14th January 2010 for goods and services supplied in 2009** as these will be treated as 2010 invoices (so subject to 17.5%). However, if you invoice **more than** 14 days late, the tax point is the date of the original supply, so if you want to keep the VAT charge down, either **date your invoices December 2009 or after 14th January 2010...**

Business Rates

If you occupy business premises, don't ignore the recent notice of the new rateable value, which comes into effect in April. Many have risen dramatically and, although the rate in the Pound will fall, in many cases this will still result in a higher rates bill.

You can check your rates by going to www.voa.gov.uk/2010. This will also tell you how much rates you will pay next year, but **beware – if your RV has risen dramatically, then you will get 'transitional relief', which means that it will start with a small rise, but then rise significantly each year, above the rate of inflation, until it reaches the new level.** If you would like our help working it all out, please get in touch.

Tax return Reminder

*As the 31 January deadline approaches once again, please remember that we process returns on the basis of 'first come, first served' and, whilst every effort is made to get returns in on time, **if too many come in at the last minute, this does risk late filing penalties for the latecomers.***

Please also remember that, except for payment plans, we only submit returns once paid for in full. Payment may be by cleared cheque, cash or card. If you would like to discuss a payment plan for next year's accounts and/or tax return, please contact us.

Also don't forget your tax payment due at the end of January, or there is the risk of interest and surcharges – if you don't get a payslip by 20th January, let us know..

Bingo!

*Perhaps in anticipation of the needs of ordinary people to have some distraction from the economic gloom ahead, the Chancellor has reduced the rate of bingo duty from 22% to 20%... **Merry Christmas!***

Note: The content of this newsletter is necessarily of a general nature and no liability can be accepted for any action or inaction on the part of any person without first consulting us.

**Merry
Christmas**

and

Best Wishes for the New Year

from everyone at

Marshall Roche

Chartered Accountants

Our tradition is not to send Christmas cards, but instead we incorporate our newsletter into this seasonal greeting. This year we shall be donating the money saved to Spinal Research, a charity that funds research into spinal injuries, their repair and the reversal of paralysis arising from them.

Thank you

