

# InTouch...

## Kent Community Foundation ...making money is hard, giving it away harder.



Although comparatively few people in Kent are aware of the existence of Kent Community Foundation, since its inception in May 2001 it has awarded over 3000 grants totalling nearly £9 million to help mainly small groups and organisations supporting those in most need.

For its Chief Executive, Iain McArthur, the Foundation's role is very simple. "Giving away money intelligently and effectively can be hard. Many people in a position to give do not know who to give it to or how to go about it. We manage the funds on donor's behalf and make sure that the money goes to where it is needed, to those causes and interests that are in keeping with the donor's wishes, allowing all the pleasure of giving without any of the hassle."

Community is the key word in the Foundation's title. "We work with organisations involving people. We like to champion the smaller causes - those groups, local charities, voluntary organisations and individuals most in need. Our Outreach team goes right into the heart of the community. They keep abreast of issues affecting the community and seek out those smaller groups who are not familiar with the processes, or do not have the resources to find funding. They guide them through our various funds in order to achieve their aims as well as those of our contributors. On occasion, we are approached directly by individuals on behalf of others less fortunate who have been unable to find help elsewhere."

The Foundation manages a wide range of trusts and funds from those of philanthropic and often wealthy individuals who have a desire to help others less fortunate, to corporate charitable funds, charities and certain government funding initiatives. For those with perhaps less to give but the same desire to help, the Kent General Fund, managed by the Foundation's independent trustees, allows people to donate smaller amounts.

"As a charitable foundation ourselves, we are cause neutral and cannot operate without the total trust of donors and recipients" continues Iain. "The involvement of DSH goes a very long way to helping us gain and maintain that trust. Mike Startup and his team at DSH have been involved with Kent Community Foundation since its inception and they give us the confidence that the financial management of the Foundation is undertaken properly and transparently and that allows us to demonstrate our integrity. As well as undertaking the accounting and audit, DSH have given help on charity reporting as well as invaluable advice on the business and management aspects of the Foundation".

To learn more about Kent Community Foundation and how you might be able to help, contact Iain McArthur at KCF or look at [www.kentcf.org.uk](http://www.kentcf.org.uk)

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# The new measures on Inheritance Tax...

Despite its wide-ranging significance for many UK families, Alistair Darling's announcement last year on inheritance tax (IHT) has slipped by largely unnoticed.

In the past the IHT nil-rate band (currently £312,000) was specific to an individual, and could not be carried forward on the death of the first spouse or civil partner. Following the Pre-Budget Report those married couples and civil partnerships whose combined estate is worth more than this £312,000 nil-rate band – (fairly easily achieved if you are a property owner) can carry forward this unused nil-rate band and add it to the nil-rate band available to the second partner. The new rule applies to all second deaths after 9 October 2007, regardless of the date of the first death.

## Example

In 2004 Bruce and Sheila's combined assets were £700,000 - a home worth £525,000 and savings of £175,000. Bruce died in November 2004 and his estate passed to Sheila. It escaped IHT because of the husband and wife exemption and thus none of Bruce's nil-rate band was used.

Sheila died in September 2007 by which time the estate was worth £800,000 as the house had increased in value to £595,000 and her savings



to £205,000. The inheritance tax payable was £200,000 (£800,000 less £300,000 - the 2007/08 nil-rate band - leaving £500,000 @ 40%). Had Sheila lived another month, the tax bill would have been only £80,000 (£800,000 less £600,000 - the sum of both nil-rate bands - leaving £200,000 @ 40%).

Exact details will be revealed when the Finance Act 2008 is published but in the meantime it pays to remember that through lifetime planning and action there are many ways to reduce the IHT payable on your death.

## Does your investment guarantee a gain of 28% or 51%?

We are, of course, referring to the tax reliefs available to pension contributions. So, how can this be when basic rate tax is 22%, with a higher rate of 40%?

It is because payments into pensions attract basic rate relief at source, so a £10,000 pension contribution becomes a gross contribution of £12,820 – a 28.2% guaranteed return. After 6 April this year, when basic rate tax will be cut to 20%, it will become £12,250 – only a 22.5% gain.

Those paying higher rate tax can claim additional tax relief on the gross payment of £12,820 (rather than the £10,000 invested), which produces a further £2,308 of tax relief. So the overall benefit is a total relief of £5,128, a 51% guaranteed gain on the original investment. After 6 April, the relief will be trimmed to £5,000 or a 50% gain.

However, the change in the basic rate of tax from 22% to 20% from 6 April 2008 will cut the gross amount credited to the fund. For example, someone saving into a pension at £78 per month, will see a reduction from £100 to £97.50 in the gross amount credited to the fund.

It may be worth reviewing your pension contributions with a view to revisiting the amount saved, and also how best to invest your money for the future.

Our independent financial advisors at DSH Financial Services Limited can review your savings and investments and give guidance on the best strategy for you.

Please feel free to call Ian Holyoake or Stefan Wisniewski on 01622 213793 or Martin Murray on 01923 721621

# Protecting your business

**We all protect our tangible business assets with locks and alarms but how many of us leave our most valuable possession lying around for anyone to walk off with?**

From household names to sole traders, a businesses' intellectual property can be worth many times the value of their physical assets - both buildings and equipment.

So, if you have invested in bringing a new invention to fruition, have built up a reputation for providing an excellent service or just have a bright idea, there are a few simple steps that can help you protect a valuable asset.

## Trademarks

A trademark is a distinctive name, logo or group of words that distinguishes your business from others. Registering your trademark gives you the exclusive right to use it for goods and/or services you provide in the United Kingdom. The © symbol will warn others against using it and you can take legal action against anyone who uses it without permission.

## Patents

Patents are designed to stop others using your invention – typically a unique process, machine or article of manufacture – without permission. The basic rule of thumb is that if you think anyone else could steal your idea/invention and use it for their own profit, then keep silent about it until you have filed a patent application.

## Copyright

Copyright applies to any particular expression of an idea or information, rather than the idea itself, which is substantial and self-contained in a fixed form. It gives the creator of the work the right to be credited for the work and to be able to dictate who is able to use or copy the work. The term is usually during the holder's lifetime and then for a further 50 – 100 years after their death. Unlike trademarks or patents, copyright does not need to be formally registered but if it is then it is easier to secure a favourable result should you need to go to court.

## Domain names

Even if your own domain name is registered, it pays to register variants on the name to prevent others capitalising on your success. Your Internet provider should be able to advise.

The Internet has made it much easier to profit from other people's ideas and inventions so protecting your intellectual property is essential. The law surrounding trademarks, patents and copyright is complex and difficult to understand so it is best to seek professional advice.

# VAT, property & other taxes

**This spring DSH are hosting seminars covering the fundamental changes to the rules on VAT and other taxes on property proposed by HM Revenue & Customs.**

Although these changes will provide more flexibility in the way the 'option to tax' facility will operate, the trade-off is more complex rules, more anti-avoidance legislation and other new pitfalls. DSH's seminars will help you understand how the new rules will work and help you plan VAT savings on current and future commercial property transactions.

The seminars will also cover the changes to the capital allowances and capital gains tax regimes that become effective from April 2008 which present numerous opportunities for taxpayers. The seminar will help you recognise these opportunities and take advantage of the changes.

**The seminars are being held at 4.00 p.m. on Tuesday 29th April at DSH's offices in Maidstone and 4.00 p.m. on Thursday 1st May at Moor Park near Rickmansworth. The cost is £47 per booking (incl VAT). Full details are given on the enclosed flyer.**



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# Protecting against HMRC enquiries

HM Revenue and Customs (HMRC) is launching a growing number of tax enquiries – with every taxpayer a potential target. The move is part of its drive to recover some of the £3.5 billion lost every year to tax avoidance and evasion.

A tax enquiry can vary from a simple query on a tax return to an in-depth investigation going back over many years. They can be launched because of something unusual in the accounts, a tip off, or simply by random selection.

For the innocent taxpayer, the fees of the professional required to help defend an in-depth enquiry can be costly. In order to protect private and business clients from this kind of expenditure, DSH operates TaxSure, a fee insurance scheme provided by CCH Fee Protection.

Tax Partner Bob Churchill says: “We recommend fee protection to all our clients and we’ve made sure that the cost of joining the scheme is kept low to encourage as many people as possible to take advantage of it.”

**For more information about how TaxSure can help you, please speak to your usual DSH contact.**

## NEWS...

Alistair Darling’s first Budget speech had no nasty surprises, but no magic tricks either. Experience teaches that what the chancellor giveth, the chancellor often taketh away and many concessions given are taken back, usually in the small print.

For example, any initial enthusiasm for a 2% cut in the basic rate of income tax quickly evaporated when it was realised that the cut will not only impact adversely on pension contributions, it will significantly cut gift aid income to charities, although the latter has been a little tempered by a three year transition period. For taxpayers earning towards the top of the basic rate band threshold, any advantage from the rate decrease will be offset by the raising of the upper threshold on national insurance contributions.

Likewise enhanced investment reliefs and a 2% cut from 30% to 28% in corporation tax will be balanced by changes to capital allowances and an increase in the rate to 21% for smaller businesses.

Whilst the increase in fuel duty has been held off for six months, it has been balanced by a new charge of £950 on the most polluting new vehicles.

At the wealthy end of the spectrum, the Chancellor was prepared to weather the storm and stood by his £30,000 charge for non-domiciles. Any further revisions to capital gains tax failed to materialise as the Chancellor stuck to his plans announced in November to re model the tax system with only those amendments that have been published in the intervening months.

Whether the Budget leaves you better or worse off is a close call. With some windows of opportunity about to close, prudent forward planning will reap the most rewards, so talk to your usual DSH contact.

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# You can’t ask me that! A quick guide to interview no nos

You’re looking over the CV of a job applicant. You see that they attended the same university as you did. So, as part of the getting-to-know-you aspect of the job interview, you ask them what year they graduated and if they have any children.

Great. You’ve just asked two questions that could leave you open to a discrimination claim.

There was once a time when managers would get to know prospective staff by asking these and many other similar ‘lifestyle’ questions before taking them on. These days, they probe the candidate’s personal lives at their peril.

Many bosses are finding themselves stung by large fines for seeking information about an interviewee that falls outside the strict criteria of their ability to do the job.

As a general rule of thumb, all questions should be directly related to the job in question and the duties the candidate would be required to perform if employed. The subjects to steer clear of relate to the UK’s anti-discrimination legislation – for example, questions concerning age, race, gender, sexual orientation, disability and religion.

While it would be impossible to create an exhaustive list of “no-no” questions, the following should give you an idea of what to avoid.

- How old are you? Or, what is your date of birth?
- When do you plan to start a family? Or, if you get pregnant, will you continue to work?
- Are you married, single, or divorced?
- Are you gay?
- Do you observe any religious days that would interfere with this shift pattern?
- Are you a member of a trade union?

If you have any questions on the information given in this article, or if you would like advice regarding any aspect of the recruitment process, please contact Beverley Aitken on 01622 690666 or email [beverley.aitken@dsh.co.uk](mailto:beverley.aitken@dsh.co.uk).

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