

InTouch...

Moving Abroad – a Taxing Time



If you are planning to live outside the UK it is important to ensure your domestic tax matters are sorted out well in advance of your move.

You have seen all the 'new life abroad' television programmes, you've searched high and low and at last you have found your perfect overseas property. Maybe it is going to be your retirement home in a sunnier clime, perhaps it is just a holiday property or possibly you are looking to buy as an investment for the future and for the potential rental income. Whatever your motivation, there are a great many things to consider, organise and prepare for.

With so much to get arranged it would not be at all surprising if tax was the very last thing on your mind. But it is very important that you understand what the tax issues around living abroad could be, what you need to do about them and whether, for example, you can claim a tax repayment.

Here is just a short list of some matters that, like it or not, you may well need to address particularly if you are retiring or emigrating :

- If you will no longer officially be tax resident in the UK you will need to deal with the required forms and notifications.
- If you want your UK pensions to be taxed in the country where you will be living rather than in the UK, you will need to liaise with your local tax office and the UK benefits agency.
- You should review your tax position in the year in which you depart overseas, you may be due a tax repayment.
- You will need to deal with a Non Residents Landlord Scheme application if you let UK property.

If you are still treated as tax resident in the UK, you will also have to deal with any UK tax issues if you decide to start a business abroad.

If you are buying to let and still tax resident in the UK, it is important that you tell the UK tax authorities that you require a self-assessment tax return, which you will then need to prepare annually to include your rental accounts.

It is very likely that, even though you have moved abroad, your UK tax liabilities will continue if you still receive income from the UK and/or have any assets here. The chances are you may still be liable to UK Inheritance Tax.

Our specialist tax advisers can provide valuable assistance in ensuring these important matters are properly sorted out on your behalf. In addition they will be able to deal with the sometimes confusing, and ever-changing, technical considerations such as your residence or domicile status and the operation of any double tax agreements.

If you are thinking of moving or buying abroad contact Beverley Aitken, Tax Partner, on 01622 213736 or email beverley.aitken@dsh.co.uk.

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DIY Payroll? Life's too Short

More clients than ever are telling us they are finding it hard to manage their payroll. Time spent keeping on top of legislation, managing payroll, and particularly sorting out problems, exceeds the cost of out-sourcing the job. Whether you have one employee or three hundred staff, DSH's payroll division, Keyman, can provide numerous advantages over doing it yourself.

- The Keyman team are all qualified members of, or studying towards, the Institute of Payroll Professionals, or equivalent, and have the experience and knowledge to manage and give advice on payroll procedures and current payroll legislation.
- The team will calculate any sick pay, maternity pay and other absences and complete the necessary forms for HMRC. They will also calculate and deduct the correct Tax and National Insurance for employees and directors.
- They will deal with student loan deductions, attachment of earnings orders, salary sacrifice schemes, pensions, redundancy payments and any other issues arising.

- Payrolls are processed at a frequency that suits you (e.g. weekly, monthly, quarterly) and all payslips are security sealed for confidentiality.
- Keyman's payroll software is regularly updated in accordance with HMRC and year-end returns are filed online, which currently attracts an incentive payment from HMRC.
- For construction businesses, Keyman provide a complete CIS service including carrying out validation checks of sub contractors and filing monthly CIS returns online.

More than 200 clients use Keyman and have found that not only has it saved them money, but it has also relieved them of a tedious and taxing chore and enabled them to get on with what they do best – business.

For information on how we can help with your payroll, contact Cathy Dubock on 01622 690694.

Making the Most of Charitable Donations

In the last edition of InTouch, we highlighted the excellent work of the Kent Community Foundation. Many of our clients have since contacted us to ask about the tax benefits of making donations to charities.

The simplest answer is to use the Gift Aid scheme - a tax relief on money donated to UK charities. Gift Aid not only benefits the charity you give to, but can also save you tax.

To be eligible to use Gift Aid, you have to have paid enough UK income tax or capital gains tax to cover the amount that the charity can reclaim, and confirm to the charity that you are a UK taxpayer. This can be done online, over the phone, or by signing a form. You may also be asked to give your name and address for the charity's records. Your declaration can apply to all past donations that you have made (since April 2000) to that charity, and to all future donations that you make.

As an example, for the next three years if you give £78, tax can be reclaimed and an extra £22 is added to your donation making it worth £100 to the charity. This represents the basic rate income tax that you have already paid on the £100.

However, after 5th April 2011, the additional amount recoverable falls to £20 to reflect the changes in income tax rates that occurred this year. Due to the effect that this change will have on the charities' income, HMRC agreed to defer its impact for three years in this one respect.

If you are a higher rate taxpayer paying income tax at 40%, the charity cannot claim back any further tax in addition to the £22 referred to above, but you can. Prior to 5th April 2008, when you gave £78 under the Gift Aid scheme you could claim an extra £18 in tax relief, which was 18% of your gross gift of £100; the difference between the higher and basic rate of income tax.



In April 2008, the higher rate tax relief given on Gift Aid donations increased from 18% to 20%. You may claim this extra tax relief through your self-assessment tax return.

If your income varies you may pay 40% tax in some tax years but not in others, in which case your charitable gifts will only earn you extra tax relief when paid in a higher-earning year. It is possible to carry back Gift Aid donations that are made before you submit your tax return by completing the relevant box on your return.

For more information on how Gift Aid may help to reduce your tax payments, contact our tax department on 01622 690666 (Maidstone) or 01923 771010 (Rickmansworth).

And the Award Goes to...

Millions of people watched as BBC's Holby City Production Team won the BAFTA for Best Continuing Drama earlier this year. For Tony McHale, Executive Director and co-creator of the show, many years of hard work had finally paid off.

After training at Rose Bruford College, Tony began his career working primarily as an actor in the theatre, before moving on to film and television. His on-screen appearances include A Bridge Too Far, Terry and June and Beadle's About – he was even the murderer of Ernie Bishop in Coronation Street!

Since then, Tony has become renowned for his work as a writer and director on television. He has hundreds of hours of screen credits to his name and has written for the likes of Silent Witness, Dalziel and Pascoe and The Bill. "People ask me when I became a scriptwriter," said Tony. "I tell them that I have always written scripts, but the difference came when people started paying me for them!"

It is a tough business to get in to. Many of his scripts were returned and he was working other jobs to survive financially, but shortly after a turning point in 1978, he was asked to write for a new show called East8. Better known to us now as Eastenders, Tony spent 12 years on the show and was the first writer to complete 100 episodes.

As co-creator and scriptwriter of Holby City 10 years ago, Tony has always been heavily involved with the series, so it was a great honour to be made Executive Director in 2006. He continued: "It is really the first time a writer has been put in charge of that much of a series. As a writer you are constantly at the whim of others, so it is a great experience to be involved with all aspects from storylines to publicity."

Much of what you see in Holby City today has been created by Tony, so where does he find the inspiration for new storylines and characters?

"It's just a case of sitting down and keeping at it until it comes to me," said Tony. "It does help that I am so involved, on and off screen, with the series and it is wonderful to win the BAFTA as it shows that the viewers like it too!"

Tony, together with his wife Jan, runs Sanctuary Films Limited, a company that has gone from strength to strength.

"We are not particularly financially-minded and are never really sure what to do with that side of the business, so it is good to have an accountant that we can rely on for good, solid advice," added Tony. "Our working relationship with DSH, in particular Mark Cassidy who deals with our affairs, works well and we find that they understand us where previous accountants have been unable to."

Mark Cassidy said: "We have a diverse range of clients and each one has different needs. The key to a successful relationship is understanding a client's business and tailoring our advice to suit them – something I hope we have done for Tony and Jan. We would like to extend our congratulations to them on winning their first BAFTA."

In between scriptwriting and directing for Holby City, Tony has a completely new venture with his own rock horror musical entitled 'Bloodbath', which is set to hit the stage in the near future!



BAFTA/Richard Kendal

Rights for All Employees

Whether an employee is permanent, temporary or casual, the rules relating to their employment are essentially the same. At a time of year when you may be considering hiring seasonal or temporary workers to cover an increased workload or staff holidays, we have provided you with a brief guide to employees' rights.

All workers in the UK benefit from a range of basic workplace rights and protections, including:

- Payment of at least the National Minimum Wage
- A minimum of 24 days paid holiday a year
- Protection against unlawful deductions from earnings
- Protection from discrimination on grounds of race, sex, disability, marital status, age, sexual orientation, religion or trade union membership
- To work within a safe and healthy environment

The right to claim unfair dismissal applies normally only to employees who have been employed for more than a year continuously. However, all employees have the right to make a breach of contract claim with no length of service requirement. We recommend you have a clear document in place, which indicates what the contractual relationship is, and the terms relating to it.

You also need to make sure that you ask to see proof of an employee's right to work in the UK, as you may be liable for heavy fines if you employ illegal workers. You may also find you or your company 'named and shamed' on the UK Border Agency website!

If you are intending to use a third party to supply temporary or casual labour ensure that your supplier is reputable and operating within the law. You can contact the Employment Agency Standards Helpline or the Gangmaster Licensing Authority for advice about legislation and status.

For more information on employment related issues, please contact Michèle Whawell on 01622 213702 or email michele.whawell@dsh.co.uk.

On Your Marks For Charity

Whether it's in running kit or casual clothes, staff at our Rickmansworth office clearly aren't "attiring" of raising money for charity. In recent weeks they have raised more than £800, with four charities set to benefit.

Jonny Clarke shaved a minute off his previous time when he took part in his second Flora London Marathon. Crossing the line in 3h46, he raised more than £300 for Children with Leukaemia.

Also putting on his running shoes, Richard Hanley raised £400 for the Motor Neurone Disease Association by completing the Milton Keynes half marathon in two hours.

Aside from Jonny and Richard's individual efforts, other employees have played their part in helping raise money for good causes with two recent charity days. A dress down day raised £95 for the Peace Hospice in Watford while a day with everyone wearing items of pink clothing raised a further £40 for Breast Cancer Care.



A Flantastic Day!



Staff and family members from our Maidstone office once again donned their Judges' T-shirts for this years' World Custard Pie Championships. Overseeing 22 teams throwing some 2,300 pies, the judges were responsible for ensuring fair play during the charity event.

Mike Startup, Partner, said:

"Custard pie throwing has some pretty complex rules and as judges it's our job to count the number of hits, the highest score being for a direct hit with a pie in the face. We had to be pretty nimble on your feet to avoid getting splatted!"

Charity Boosted by Martin's Efforts

Martin Murray, one of our independent financial advisers at DSH Financial Services Limited, has taken a break from his day job to help realise an ambitious project in rural South East India.

Martin spent a fortnight living and working with a charity that is hoping to build a home for 100 orphans and 50 widows in the next year.

He said: "The charity currently looks after 48 orphans and 27 widows but they sleep on the church floor. A staggering 45% of children in the village are orphans and eight out of 10 don't make it to adulthood. It costs just £20 per month to feed, clothe, house and educate one child.

Martin spent time preparing documents to secure funding and looking at the charity's accounts, which are excellently prepared by a local Chartered Accountant. The search is now on to find charities that can provide capital funding to build the home that will not only house the orphans and widows, but will help them to become self-sufficient in buffalo milk production and also tailoring.

"Life is so different there that I could hardly believe that I wasn't on a film set," he continued. "The people are lovely but are mostly very poor, living in thatched roof huts, working in fields from 5am enduring temperatures of over 40°C and doing their laundry by beating clothes on stones."

"It was not unusual to see buffalos, cows and goats wandering over the national highways. We had to return from our open-air meetings by 11pm to avoid terrorists, one of the risks of working in such a community."

"Building a home for 100 orphans and 50 widows in the next year is a tiny gesture but to the individuals involved, it is life itself. I am so glad I was able to be a part of this project and hope to return in the future."



Tax Returns

NEWS ...

Get Your Tax Returns in Early

We are recommending that tax returns are filed early as HMRC has changed the deadline for filing tax returns on paper to 31st October 2008. Most returns will be filed electronically enabling us to take advantage of the later filing deadline of 31st January 2009. However, returns that include certain sources of income, and returns for a few specific individuals, cannot be filed electronically. So get your tax returns in early to avoid a fine!

If you no longer wish to receive InTouch, either telephone 01622 690666 or send an email with 'unsubscribe' in the subject line to kirsty.wood@dsh.co.uk

DSH's newsletter InTouch is designed to provide general guidance on matters of interest and should not be used as a substitute for consultation with professional and competent advisors. DSH cannot accept any responsibility for information, errors or matters affected by subsequent changes in legislation.

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