

CHANCERY MANAGEMENT NEWS UPDATE

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Happy New Year

1st January 2010

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On This Day In Previous Years

1909 Men and Women over 70 drew their old-age pension in the United Kingdom.

1915 The British ship named Formidable was hit by a German submarine known as U-42 causing a loss of 547 lives.

1919 Henry Ford stood down as president of the Ford Motor Company and his son Edsel took over. On the same day the company announced it would increase the minimum wage to \$6 per day.

1937 In the United Kingdom safety glass became mandatory for vehicles.

1942 The United Nations was created following a meeting in Washington DC, between the USA President Franklin Roosevelt and the United Kingdom Prime Minister Winston Churchill on 22nd December 1941.

1962 The Beatles auditioned for Decca records and Decca turned them down in favour of the Tremeloes

Charter For Taxpayers

A charter stating what a taxpayer has the right to expect from HM Revenue & Customs (HMRC) in the way the authority deals with them and what is expected of the taxpayer by HMRC has now been published.

Your Charter also links to information of what a taxpayer can do if they are unhappy with HMRC's service or the way it has treated the taxpayer and what the taxpayer can do if they disagree with one of HMRC's decisions.

HM Revenue & Customs Changes Policy On Advisory Fuel Rates

HM Revenue & Customs (HMRC) will no longer issue a month's notice of changes to advisory fuel rates. The change is effective from late November 2009 and was, according to HMRC, made following discussions with relevant trade bodies.

Employers making or collecting payments at the superseded rate because they have not been able to change their systems in time should make or collect a second payment to ensure compliance from the effective date. The removal of one month's notice of advisory fuel rates does appear to be unpopular and is not helpful to the employer or the employee.

If HMRC adheres to this new policy, the employer will have to be very proactive in ensuring that new rates announced or notified are picked up and implemented very quickly.

The Institute of Payroll Professionals (IPP) is critical of the decision and believes HMRC announced and made the decision at the last Expenses and Benefits forum without proper discussion and debate.

It is considered by the majority of employers to be yet another additional burden on businesses.

Fatigue

Employers can face prosecution if an employee is involved in or causes a road traffic accident as a result of driver fatigue.

The Police and Health and Safety Executive are working closely together and jointly investigating accidents with a view to prosecute both the employee and the employer.

A company was recently fined £30,000 for a breach in health and safety legislation after it was successfully found guilty of failing to monitor the working hours of an employee involved in an accident which resulted in the death of the employee as the cause of the accident was found to have been caused by fatigue.

HM Revenue & Customs Confirms New Tax Law Excludes Stockbrokers

According to articles in the media recently, the Government has been forced to amend its bankers bonus tax after admitting that the original rules had accidentally targeted the wrong type of company.

The tax that was announced by the Chancellor in the pre budget report on 9th December 2009 was aimed at curbing fat-cat bonuses at high street and investment banks and has caused outrage amongst bankers but has also encouraged other financial institutions to complain and argue, pointing out that they had been wrongly and unfairly caught up in the row over bonus payments attracting the new higher rate tax.

Therefore the announcement made by HM Revenue & Customs late on Friday 18th December stating that the tax law would be amended to exclude those accidentally caught by the tax initially, was warmly welcomed. The clarification is a victory for many leading stockbrokers who had written to HM Revenue & Customs requesting clarification.

The main cause of the problem appears to be that before the new tax was first announced by the Chancellor, Alistair Darling on 9th December it had been drafted in a rush just a few days before the announcement.

Sources at the Treasury very early on did insist that the tax did not catch stockbrokers and was specifically aimed solely at the banks that had depended on taxpayer support or that may require it in a crisis.

However, when HM Revenue & Customs made the announcement clarifying the situation late on Friday 18th December fresh guidance was issued regarding the treatment of the tax and admission was forthcoming stating that the definition of a bank did not actually exclude all the groups that were intended to be excluded.

Another reason given for the initial confusion, which resulted in the inclusion of groups that should have been excluded, was due to the fact that many stockbrokers carry out trading and advisory roles similar to those carried out by some investment banks where massive bonuses were and continue to be paid.

The clarification/amendment adds an additional clause that will exclude companies that under current rules do not have to hold significant buffer capital. In effect, this will exclude stockbrokers and asset managers and refocus the tax on banks. The banks are still struggling with the details of the tax, which must be implemented on their full year results which are due in February.

Policymakers in the United Kingdom would like an international deal made to ban future bailouts of troubled banks with money from the taxpayer.

There are some policy makers overseas that agree with such policy and who are looking for a global cut off date after which no public funds could be used for such a rescue.

The Bank of England is believed to be in favour of such a policy and it is widely believed that the policy has cross party support at Westminster.

The Forgotten £3 Billion

According to several items in the recent media there is an estimated £3bn in unclaimed pension contributions paid for by millions of people while they were working.

Although it is hard to believe that there is so much money in unclaimed pension funds, it is understandable that if people were automatically enrolled into a pension scheme whilst with an employer and they worked for say five years early on in their career and then left and went on to work for another employer for the majority of their working life the relatively short term of earlier employment and pension fund involved could easily be forgotten.

Statistics reveal that last year the Government's Pension Tracing Service found over 64,000 people who had forgotten about their pension entitlement and ensured their pension funds were reunited with them.

If you believe you may have a lost or forgotten pension fund you can contact the Pension Tracing Service providing details of previous employment to them including the name and whereabouts of the ex employer, start date(s) leave dates etc.

In some cases people had taken out a personal pension scheme not related to any particular employer and then just ceased to keep up payments or keep a proper record. If you think you may be in that situation the Government's Pension Tracing Service may be able to trace such a pension if approximate dates and the name of the pension provider can be provided.

HM Revenue & Customs Launch New Initiative To Repay Millions In Overpaid Tax

HM Revenue & Customs are making another attempt to refund £200mn in overpaid tax which was deducted at source on interest earned by non-taxpayers on savings. The tax can be claimed back to 2003-2004 if made by 31st January 2010. If you are a non-taxpayer, to avoid tax being deducted in the future, you should complete a form R85, issued by and available from HM Revenue & Customs. Some banks or financial institutions may have the form available at local branches or from their head office. You may find the table below useful.

TAX FREE ANNUAL INCOME LIMITS

10p TAX BAND

TAX YEAR	Age under 65	Age 65-74	Age 75 or over	Tax due at 10% on this tax band*
2003-2004	£4,615	£6,610	£6,720	£1,960
2004-2005	£4,745	£6,830	£6,950	£2,020
2005-2006	£4,895	£7,090	£7,220	£2,090
2006-2007	£5,035	£7,280	£7,420	£2,150
2007-2008	£5,225	£7,550	£7,690	£2,230
2008-2009	£6,035	£9,030	£9,180	£2,320
2009-2010	£6,475	£9,490	£9,640	£2,440

* Although changes to this tax band applied from 5 April 2008 you may claim back half the tax on your savings interest if your total income is within the amount for which no tax is due.

Sovereign History

The gold sovereign was introduced in 1817 and the gold in it was worth exactly £1. For the next 100 years the value remained unchanged.

Sovereigns are still made by the Royal Mint but they now cost £199. The actual gold in the sovereign is now worth £155, but in reality the sovereign is in reality still only worth £1.

A Royal Mint spokeswoman recently stated by email "Sovereigns technically are legal tender and have a

face value of £1. She added “however, they are intended as collectables and consequently are not found in everyday circulation.”

Whether sovereigns are a good investment depends on the price of gold. They are not rare as millions were minted every year until 1914.

Even Victorian samples can be bought for less than the £199 charged by Royal Mint currently for a new one.

Royal Mint also make half and quarter sovereigns but the price per gram is a lot higher than it is for the full sovereign.

Statistics of the Month

An additional 23,000 workers joined the public sector in the three months to September, despite the economic downturn. A record 6.09 million people now work for the state, equivalent to one in five workers in Britain. Source: Daily Mail.

There are 60,000 council controlled CCTV cameras in Britain – up by 21,000 in 1999- yet only one crime is solved each year for every 1,000 cameras. Source: The Daily Telegraph.

Quotations of the Month

If the government is big enough to give you everything you want, it is big enough to take away everything you have.

I don't have the solution, but I do admire the problem.

There are more overweight people in the United Kingdom than average weight people. Therefore, overweight people are now average which means overweight people have already met their New Year's resolution.

Being a failure is not as easy as it looks.

Only your real friends will tell you when your face is dirty.

Optimists stay up to see in the new year but pessimists wait to make sure the old one has left.

Don't minimize risk; maximize opportunity.

Don't put up your umbrella before it has started to rain.

There are no perfect men - only perfect intentions.

Source: The CML Collection.

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