

# CHANCERY MANAGEMENT NEWS UPDATE

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## **On This Day In Previous years**

1920 The Belgian-Luxembourg toll tunnel opened.

1927 Imperial Airways was the first British Airline to serve cooked meals.

1931 The Empire State Building opened in New York City.

1935 Canada's first silver dollar began circulation.

## **Key Payroll Dates**

Wednesday 19 May is the final deadline for the return of forms P14 and the P35 employers declaration to HM Revenue & Customs.

Monday 31 May is the deadline for issuing employees with the form P60 but as it is Bank holiday the final date for issuing the form is Friday 28 May.

Tuesday 6 July is the deadline for the forms P9D, P11D, P11D(B), to HM Revenue & Customs.

Tuesday 6 July is the deadline to have HM Revenue & Customs PSA agreement signed off.

Monday 19 July is the deadline for paying the Class1A employer National Insurance to HM Revenue & Customs for the P11D(B) benefits.

Tuesday 31 August is the deadline date for HM Revenue & Customs to receive the details and calculation of the PSA settlement liability.

Sunday 31 October is the deadline for HM Revenue & Customs to receive the payment of the PSA liability therefore payment needs to be paid by Friday 29 October.

## **Old Banknote Out Of Date From Wednesday 30 June 2010**

The old mauve £20 note with Edward Elgar appearing on the back of the banknote will be taken out of

circulation effective Wednesday 30 June 2010 and will no longer be accepted for payment.

There are still about £3bn in circulation and they can still be paid into banks for months after the 30 June 2010. Eventually they will only be exchanged at the Bank of England.

## **Pensioners Living Overseas Lose Their Case For An Increase**

Approximately 500,000 pensioners living overseas have lost their final legal battle to get their state pension increased each year in line with inflation.

The Grand Chamber of The European Court of Human Rights ruled by eleven votes to six that freezing the state pensions paid in one hundred and fifty countries was not a violation of their rights.

Thirteen pensioners had argued that under the European Convention of Human Rights, the UK Government had to protect their property and was prohibited from discrimination. The state pension was property paid for by National Insurance contributions.

The pension is increased each year when paid to UK pensioners living in 50 countries, including countries in the European Union.

In the remaining 150 countries it is not. Therefore their claim was that the Government was discriminating against their enjoyment of their property according to where they had chosen to live.

However the majority of judges held that the circumstances of people were different depending on where they lived and therefore discrimination in their treatment did not breach the convention.

The decision means that there are no further legal roads to go down and is therefore the final in a series of legal battles that have been lost since 2002.

According to details in the media John Markham, of the International Consortium of British Pensioners is not giving up the fight and says: "We hope we will get further with the new Parliament."

## **Pensions Frozen**

State pensions did not rise with inflation in April.

The rate of inflation at the relevant time last autumn was minus 1.4%.

Instead of cutting or freezing the whole pension the Government has decided to treat different parts of the pension separately.

The basic part of the state pension paid for by contributions known as category A and the category B pension paid to a non paying spouse or partner will both rise by 2.5%.

The result is that the weekly pension rate has increased from £95.25 to £97.65 for rate A and from £57.05 to £58.50 for rate B respectively.

The other parts of the state pension such as graduated pension, SERPS and additional pension for deferring retirement will be frozen at 2009 levels.

This is expected to save £515 million pounds in the 2010 - 2011 tax year.

## **The Cost Of The Watchdogs**

According to reports in the media recently, policing the UK Financial Services Industry and compensating customers when things go wrong will cost £1 billion for the first time in 2010 -2011.

According to statistics that is £20 for every adult in the country.

We all contribute to this vast sum as it is within the cost of banking services insurance, individual loans and it is also factored in to low interest rates paid on bank and building society savings accounts, mortgages and commercial loans.

It costs £455 million just to pay for the Financial Services Authority (FSA). It is taking on 460 additional staff in addition to the 280 extra staff recruited this year. The FSA say it will have to pay staff more to recruit and

keep the people it needs. Since it became fully operational in 2000 its costs have rocketed from under £200 million to an estimated £455 million in this financial year, 2010 – 2011. One reason for this massive increase is because it now regulates more financial products and now includes insurance and mortgages and is also expanding to regulate and supervise the banks more closely than before 2008. £505 million will be required to pay for the Financial Services Compensation Scheme (FSCS).

The FSCS pays compensation to people when regulated firms go bust. About 75% of this is the interest on the £20 billion which the Treasury lent the scheme to ensure savers got their money when five banks and one building society went bust in 2008.

No one knows when or if the capital will ever be repaid, but the interest has to be paid annually.

An additional £33 million pounds needs to be added for financial education which will soon be the responsibility of a new consumer financial education body and a further £114 million is required to run the Financial Ombudsman Service. The total comes to 1.1 billion. All of these costs will be added to the price of the financial products we buy in 2010 – 2011.

The source of this information comes from various statements in the media and emanates from the FSA Annual Reports and Consultation Paper CP 10/5 February 2010.

## **Energy Rebate**

Approximately 250,000 people aged 70 or over who receive pension credit will receive a rebate in the sum of £80 from their electricity bills during the next three months. It will be refunded automatically by their energy provider.

The rules are: The person or their spouse must have been born on March 26 1940 or earlier and be entitled to only the guarantee credit part of the pension credit.

Their income apart from their pension credit must not exceed £98.40 for a single person or £132.60 for a couple.

The rebates only apply to the following suppliers. British Gas, EDF Energy, E.ON, RWE npower, Scottish Power, and Scottish and Southern Energy. Smaller suppliers may join the scheme later.

People who already have a reduced rate due to low income will probably be excluded. This rebate will not be paid in Northern Ireland.

People with prepayment meters will be included but the mechanism for the credit will be different.

## **Alternative Ways Of Resolving The Deficit**

It is a proven fact that lower taxes result in greater tax revenues. When Japan raised taxes during their crisis tax revenues fell.

Since the UK was denied the promised referendum on the Treaty of Lisbon which has now been adopted and has completed the ratification process we do not need 650 Members of Parliament at Westminster since many of our laws emanate from behind closed doors in Europe

In addition the number of quangos needs to be drastically cut which, according to the Taxpayers Alliance (TA), could save the UK as much as £90 billion per annum. That on its own would save this country over half of the shortfall of about £160 billion.

Tax credits could also be scrapped by increasing the income tax and National Insurance threshold.

According to official figures it currently costs HM Revenue & Customs (HMRC) £2.46 in administration for every £100 paid out in tax credits. Tax credits are also being paid to people who receive over average income.

## **HM Revenue & Customs Getting Tough**

The Government's Business Payment Support Services Initiative introduced in November 2008 to assist business following the banking crisis, helped about 60,000 businesses in the first three months to be granted time to pay arrangements by HM Revenue & Customs deferring about £1 billion pounds in Corporation tax, PAYE tax, National Insurance and VAT.

To date more than 160,000 businesses have received support resulting in about £5 billion being tied up in

deferred payment schemes.

Now HM Revenue & Customs is under pressure and has started to get tough with such businesses to the extent that according to the latest statistics, they are responsible for about 40% of all winding up orders which is exposing other lenders.

Many businesses that took advantage of the time to pay scheme were already in a weak position and having reached agreement for time to pay just delayed the business going bust.

Due to the very high number of losses that HM Revenue & Customs have experienced they are now being much more selective regarding their support of business seeking time to pay arrangements. They are also now very proactive in collecting debts and have taken the commercial view that they have a stronger chance of maximizing the recovery of debt rather than engaging in damaging liquidations.

HM Revenue & Customs Time To Pay Program is now subject to strict business reviews before being granted and are also becoming difficult to obtain.

#### Quotations for the Month

It is better to know some of the questions than all of the answers.

Beware the fury of a patient man.

Most of us spend our lives as though we had another one in the bank.

Preconceived notions are the locks on the door to wisdom.

There are no passengers on Spaceship Earth. We are all crew.

The person who is waiting for something to turn up might start with their shirtsleeves.

Sarcasm is the sour cream of wit.

Source: The CML Collection

#### Statistics of the Month

Crime in England and Wales fell by 7% last year, according to both police figures and the British Crime Survey. Source: The Week.

Popular tourist attractions have paid out millions of pounds in compensation to visitors who had accidents on the premises according to a survey in the Sunday Telegraph. A woman who fell into the moat of Carlisle Castle while trespassing at 2am was awarded £15,000 and a man who burnt his thumb while helping himself to soup at the V&A's restaurant got £400. Source: The Week.

Two regions of the UK – Wales and Northern Ireland – are supported by public spending equivalent to about 70% of their gross domestic product. In the Northeast the figure is about 64%. Source: The Week, The Centre for Economic and Business Research/Sunday Times.

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