

perspective

COMPANIES ACT: THE MARATHON CONTINUES



With new legislation under the Companies Act set to be introduced in April, Robert Holland, partner at James Cowper summarises the changes so far – and outlines what's to come.

The Companies Act 2006, which received Royal Assent as long ago as 8 November 2006, is not only the longest Act of Parliament in history to date, it is also the Act that seems to be taking the longest to implement.

The first part of the Act came into force in January 2007 while large parts of the Act now appear to be delayed until October 2009. As the Act is a consolidating Act it re-states previously existing company law provisions as well as introducing new provisions through a series of Commencement Orders.

Overall, the Act does not have a single or even a few reforming key themes but is rather a long list of individual changes across the whole spectrum of corporate legislation with the aim of bringing it up to date and to reflect the changing ways in which companies and business in general now operate.

In broad terms, the first and second Commencement Orders in January and April 2007 dealt with shareholders' communications, in particular electronic communications with shareholders and Companies House, the provisions relating to takeovers and those implementing the Transparency Directive.

One notable item included was the removal of the seventy year age limit for directors of public companies.

The third Commencement Order was made in July 2007 and largely took effect from October 2007. Important provisions for directors of private companies to be aware of in this Commencement Order are the provisions which codify the general duties of directors. In broad terms these are:

- Act within their powers [ie in accordance with the company's constitution, exercising their powers for the purposes for which they are conferred]
- Have regard to the likely consequences of any decision in the long term
- Promote the success of the company and specifically to consider the interests of the company's employees
- Have regard to the need to foster the company's business relationships with suppliers, customers and others
- Have regard to the impact of the company's operations on the community and the environment
- Ensure they act fairly between the members of the company
- Exercise independent judgement
- Exercise reasonable care, skill and diligence



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Of course many of these requirements were previously embodied in common law anyway.

Other items included in the third Commencement Order are:

- Provisions to automatically re-appoint auditors – except in certain specified circumstances
- Provisions to make it legal for directors to be loaned up to £10,000 by the company, or more, with the approval of shareholders, although this does not affect the tax treatment of such loans
- Provisions to make written resolutions easier to pass and to abolish the requirement to hold an annual general meeting for a private company, unless shareholders representing at least the specified percentage of shares requests one

- Provisions to introduce a lower age limit for directors to be introduced so that they have to be aged 16 or over

- Provisions to require at least one director to be a 'natural' person ie a human being as opposed to being another company

The next Commencement Order is currently due to take effect from April 2008. At the time of writing it should implement the provisions relating to accounts and auditors. Also to be implemented is the abolishment of the requirement to have a company secretary.

There are two significant changes in respect of auditor liability. The first is that auditors will be able to, for the first time, limit their liability in respect of their audit opinions. This is, however, subject to annual shareholder approval and the limit agreed being fair and reasonable.

The second, and the quid pro quo for this, is the creation of a new crime where an auditor knowingly or recklessly includes a materially misleading, false or deceptive matter in an audit report.

In practice the restrictions placed on limiting liability mean that it is likely to be used only for larger audits and past experience indicates that the new crime is likely to be only relevant in a few extreme cases.

The overall effect is an Act that creates a large number of changes that may be relevant for private company shareholders and directors to consider. If they choose to, the Act will enable them to considerably simplify the constitution of their company and how it communicates with shareholders and Companies House.

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Mark returns from the land of Oz

Mark Munro of James Cowper has recently returned from a five month job swap which involved him working for five months in Melbourne, Australia.

The swap was organised through James Cowper's membership of Kreston International, the worldwide association of independent accounting and business advisory firms.

Mark worked for Melbourne firm, Mclean Delmo Hall Chadwick and was involved in a range of audit projects and advisory work. He described his trip as a great experience – the only down sides were the 'unsociable' time UK football was televised and the local fly population.

"I lived ten minutes from the beach which was a great luxury and the seafood was great!" he said. "Melbourne is also the sporting capital of Australia so I was able to go to several games of Aussie Rules Football, not to mention the Melbourne Cup."

Mclean Delmo Hall Chadwick has two offices in Melbourne and Mark's visit coincided with their busiest period. James Cowper will be returning the favour later this year when a member of their staff visits our offices in the Thames Valley.



"I was expecting a more laid back work culture in Australia but it was pretty long hours and fairly intense," said Mark. "I made some very good friends while I was there and spent the last month travelling, which was bliss."

Mark (left) pictured in Melbourne with colleagues from Mclean Delmo Hall Chadwick

New Partner at James Cowper

Alex Peal has been made a partner at James Cowper. He has extensive experience in advising owner managed businesses, as well as those in the inward investment, technology and charitable sectors.

Based in Reading, Alex will work across James Cowper's other offices, in Oxford and Newbury, providing a broad range of accountancy services and business advice.

"Having worked for almost a decade advising local businesses and those moving into the Thames Valley, I am aware of the ever growing potential of the region and understand what businesses expect from their advisers in today's marketplace," says Alex.



Expect more caution from lenders



Sue Staunton, business direction partner at James Cowper, looks at the key factors likely to shape the fortunes of businesses in the region.

2007 was a year of mixed fortunes for businesses in the Thames Valley. If you were in the right sector you could have experienced significant growth – particularly, for example, if you were offering a key technology platform to the market.

However, for others, the year was one of increasing problems – particularly if they were reliant upon consumer led demand or were affected by the natural disasters that impacted across the region.

On borrowings, it appears that while there are still funds available, lenders are beginning to be a little more circumspect about where they are lending. We should expect greater rigour in the due diligence process before funders agree to advance funds and, post-lend, there will be more detailed monitoring of results and meeting of covenants by borrowers.

From a business perspective, the fortunes of the Thames Valley are tied to the broader international economy, with many companies based here either being UK branches or subsidiaries of overseas parents or doing business in other countries by way of export.

The region has always had a strong level of inward investment and there is little sign at the moment of this abating with investment in the UK from the Middle East and the former Eastern bloc beginning to feature. Their continuance will be dependent upon the continued perception of the UK as having a stable economy and attractive tax regime.

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Companies Need to Think Outside The Box To Raise Funds

The implications of the credit crunch on UK business appear to be starting to show. According to the Bank of England, one of the continuing drivers has been a 'hoarding' of liquidity by many of the larger lenders and 'uncertainty about funding commitments to corporates'.

As a result, UK firms looking to raise money may have to start exploring alternative methods of finance. If a business needs to finance an asset – particularly a non-standard asset – there are more options.

Leasing is particularly suitable for assets such as vehicle fleets, IT, plant and machinery, start-up businesses and for more intangible assets such as re-fits for pubs and restaurants.

Companies experiencing problematic trading conditions may also consider re-financing assets to help with cash flow and get them through difficult periods. It could be in their interests to re-finance the assets they have and borrow money against them at competitive rates.

James Cowper Asset Finance can negotiate good lines of credit and will finance assets which banks and finance companies aren't interested in, particularly when they are operating in a stricter lending environment.

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James Cowper appointed to advise Alpaca Stud

Bozedown Alpacas has appointed James Cowper to provide tax planning and accountancy advice as it consolidates and builds upon its position as the leading alpaca stud in Europe.

With around 800 alpacas – including several supreme champions – grazing on its stud farm at the edge of the Chiltern Hills, Bozedown Alpacas is in a commanding position to benefit from the upsurge of interest in alpacas both in the UK and Europe.

With around 15,000 alpacas now living in the UK alone, Bozedown Alpacas has been at the forefront of improvements in the British alpaca industry by selecting and importing alpacas from Peru, Australia and Canada.

"We were the first importers of alpacas from Peru into Switzerland, and from there into the UK," says Mary Jo Smith, who joined her aunt Joy Whitehead in the business in 2000.

"Now there is a whole new generation of people setting up alpaca farms, diversifying into breeding and processing alpaca fibre into fleece."

When Bozedown Alpacas was established by Joy in 1989 there were only about 150 alpacas in the UK. Thanks to Joy's pioneering introduction of Peruvian breeding stock, the alpaca industry has gone from strength to strength.

Bozedown Alpacas now runs regular training courses for aspiring owners or farmers who want to know more about husbandry, breeding, shearing and nutrition.

Penelope Lang, partner in James Cowper's rural business services team, says the stud services offered by Bozedown Alpacas are internationally renowned and are reflected in its own and its customers' success on the show circuit.



Joy Whitehead (left) with Penelope Lang

"We will be working alongside Joy, Mary Jo and the team to ensure the business continues to develop and diversify," says Penelope. "James Cowper has many clients in the farming, equestrian and bloodstock industries but alpacas certainly mark a diversification for us as well."

**For further information visit
www.bozedown-alpacas.co.uk**

MOVE OVER DARLING

CGT reforms for business owners reformed!



The James Cowper Corporate Finance team have been advising on a range of company transactions before the Capital Gains Tax (CGT) changes take effect in April 2008.

Since 1998 it has been possible for business owners who satisfy the necessary conditions to sell their shares in companies or business assets at an effective 10 per cent CGT.

All that appeared to change in the Autumn statement when Alistair Darling proposed an 18 per cent flat rate of CGT but the position for business owners was only crystallised on 24 January 2008 when he announced his plans for "Entrepreneur Relief".

Entrepreneurs will continue to enjoy a 10 per cent tax rate on the first £1m on lifetime business disposals with 18 per cent tax payable on gains above that amount.

For these purposes an entrepreneur's lifetime begins on 6 April 2008. To benefit from this relief you must be an employee or a director of the company and own at least 5 per cent of the shares.

This is more restrictive than the previous business asset taper relief. It has some

similarities to the previous retirement relief provisions that were phased out from 1998, with the major exception that there is no age limit. The brief announcement of the new rules leaves many questions unanswered.

What is clear is that there is still an advantage, if time permits, in concluding company sale transactions before the end of March 2008. This would exploit the existing favourable taper relief regime and avoid making lifetime gains that count against the £1m limit.

Also of particular relevance is a position for individuals who have owned their shares since before 1998. Indexation, which is relief from inflation from the period from 1992 to 1998, is also being abolished.

Inflation was approximately 105 per cent and the loss of this relief may massively increase the chargeable gain on the sale of shares arising after April 2008. The position where a deal concludes in March 2008, but part of a consideration is payable after that date on a deferred or earn out basis, is currently unclear.

Further announcements are expected but a timescale has not been given.

For more information please contact David Fawcus on +44 (0) 118 959 0261 or dfawcus@jamescowper.co.uk

Are you saving enough for your retirement?

If you are relying on the State pension for your retirement income, the likelihood is that you will be bitterly disappointed.

It is therefore important to invest adequately for retirement as soon as you can. Once you reach your 50s, you may be at your earnings peak, have fewer family responsibilities and mortgage costs as a percentage of income may be lower.

This is an opportune time to focus on building retirement savings and assessing how much you need to invest for the retirement you want.

Investing in a pension scheme, whether a company or a personal scheme, allows you to enjoy tax breaks on your pension savings. There are tax reliefs for as you invest, and a partially tax-free regime for your savings. Your employer can also contribute and obtain tax relief.

Pension contributions based on 2007/08 earnings must be paid by 5 April 2008. Tax relief will be at a maximum of 40 per cent and the maximum investment is an amount equal to your earnings or the annual limit (£2,808 net for 2007/08), whichever is the smaller.

Charity appeals

Making a charitable gift benefits the charity and can also reduce the tax liability for a higher rate taxpayer if it is made under Gift Aid.

For example, if you are a 40 per cent taxpayer and donate £1,200 to charities over the year, you are entitled to nearly £277 of tax relief. If you prefer, you can arrange for that tax refund to be paid instead to the charity of your choice by ticking a box on your Tax Return – and that gift will also qualify for Gift Aid tax relief!

Donations can be made regularly – by direct debit – or as one-offs. They do not even need to be made in cash – talk to us about gifts from business and gifts of non-cash assets.

Record keeping has become vital under self assessment. You should keep personal financial records relating to your Tax Return for at least six years. Your entitlement to Gift Aid tax relief might provide an incentive.

For further information on both articles contact Mark Herson on + 44 (0) 1865 200500 or mherson@jamescowper.co.uk

Assets used partly for non-business purposes

HM Revenue & Customs has recently issued new guidance on the recovery of VAT on assets used for business and non-business purposes.

This is based on the Lennartz case, heard in 1991 when the European Court of Justice decided that a taxpayer, making both business and non-business use of a capital item had the right to treat it as a business asset and recover the VAT in full on its purchase.

Tax was then due for the non-business use of the goods over its economic life – accepted as 20 years. This is known as the Lennartz mechanism.

Following the subsequent European Court of Justice case of Seeling, HMRC accepted that the Lennartz mechanism could be used for land, buildings and civil engineering works, including extensions and refurbishments –

making it very attractive when large amounts of VAT were involved.

HMRC then sought to exclude property assets from the Lennartz mechanism by legal changes made in the 2003 Budget. However, these were refused on the basis that HMRC was exceeding its legal powers.

The new regulations came into force on 1 November 2007, formally recognising the Lennartz accounting mechanism in law. Businesses using the method should be aware that the economic life (previously accepted as 20 years) has now been reduced to ten years which brings it into line with the capital goods adjustment period.

Full details of the transitional arrangements can be obtained from Terry Dockley on +44 (0) 1635 35255 or tdockley@jamescowper.co.uk

Capital Gains Tax reform



– winners and losers

In his Pre-Budget Report, the Chancellor proposed the following changes to the capital gains tax regime from 6 April 2008:

- There will be one rate of capital gains tax, at 18 per cent (excluding entrepreneurs).
- Taper relief will be withdrawn (even where assets were held before 6 April 2008).
- Indexation allowance will be withdrawn (this will affect any asset acquired before 6 April 1998).
- The base cost of any asset held on 31 March 1982 will be deemed to be its market value on that date (even if the original cost was higher).
- All shares of the same class in the same company will be treated as a single asset in a 'share pool', regardless of when they were originally acquired.
- The matching rules, affecting shares sold and re-acquired either on the same day, or within the next thirty days, remain unchanged.
- The annual exemption, currently £9,200 for individuals and £4,600 for some trustees, will remain. The 2008/09 levels will be announced in the next Budget.

- Other reliefs, such as the main residence exemption, rollover relief and business assets and the use of capital losses, will continue.

These changes will affect all individuals, trustees and personal representatives from 6 April 2008. Capital gains realised by companies are not affected by the changes announced.

As with all tax changes there will be winners and losers. For those facing a potential 40 per cent tax charge, a reduction to 18 per cent will be welcome. For those expecting a 10 per cent charge, an increase to 18 per cent represents an 80 per cent increase.

Tax planning before 6 April should be considered, to determine if the position can be improved by banking indexation allowance for example.

For further information contact Mark Herson on + 44 (0) 1865 200500 or mherson@jamescowper.co.uk

New tax regime for trusts



The inheritance tax (IHT) treatment of trusts changed on 22 March 2006. Existing trusts are broadly caught by the new rules from 5 April 2008. The provisions align Interest in Possession (IIP) and Accumulation and Maintenance (A&M) trusts with discretionary trusts, ie subject to the relevant property regime.

There is a potential charge to IHT:

- On creation of trusts
- When assets leave trusts (exit charge)
- Every 10 year anniversary from the creation of the trust

Accumulation & Maintenance Trusts (A&M)

Existing A&M trusts enter the relevant property regime on the earlier date of 5 April 2008 or the date the beneficiary becomes entitled to the income of the trust.

There are three choices when leaving assets to your minor children:

Bereaved Minors Trust – Children obtain capital at 18 – although this may be an unattractive option. This type of trust is not subject to the new regime.

18 – 25 Trust – Children receive capital by 25. The trust enters the relevant property regime when the child attains 18, usually reducing the IHT charges.

Discretionary Trust – With this type of trust there is no automatic entitlement to capital. There is the possibility of a six per cent tax

charge every ten years and when assets leave the trust.

It may be possible to amend existing trusts to 18-25 trusts so the child obtains the capital at 18, taking into account capital gains tax implications.

Interest in Possession Trusts (IIP)

A pre-22 March 2006 IIP is not subject to ten year or exit charges although any additions are caught by the new rules. Until 5 April 2008 a new beneficiary can replace the existing life tenant with no immediate IHT charge. The new life interest (referred to as a transitional serial interest) is taxed under the old rules. IHT may be charged on the life tenant's death.

On death, assets can be left to a spouse, in trust, covered by the spouse exemption. This is referred to as an immediate post-death interest and is very similar to an old style interest in possession trust.

We recommend existing Wills and trusts are reviewed prior to 5 April 2008.

For further information please contact Helen Bucktrout on +44 (0) 1635 35255 or hbucktrout@jamescowper.co.uk

Is your Will up-to-date?

Your Will is one of the most important documents you will ever draw up and yet as many as 80 per cent of us do not have a Will. Your Will is your 'last word' – your opportunity to spell out exactly how you want your estate to be divided, what gifts you want to make, and to whom.

It is also your last opportunity to be tax-efficient. Nil-rate band trusts can save up to £120,000, charitable gifts can be made free of inheritance tax, wealth can be made to skip generations, and although there may be a tax cost, Will trusts can operate to protect family wealth.

We can advise you on all these aspects – call us to discuss your concerns.

ISAS – don't forget the deadline

Gains and most income in Individual Savings Accounts (ISAs) are tax-free and are ideal for saving small, regular amounts.

With a limit of £7,000 on annual savings you have until 5 April 2008 to make your 2007/08 ISA investment.



Save tax and save the planet

The tax system increasingly rewards environmentally friendly behaviour with a range of tax breaks.

Examples of 'green taxes' include:

- Stamp duty reductions of up to £15,000 for the purchase of new zero carbon homes
- Cycle to work schemes, with tax benefits for cycling employees and their employers – even extending to tax free breakfasts for the hungry cyclists!
- Landlords Energy Saving Allowance, giving tax relief for landlords on expenditure of up to £1,500 for thermal insulation

Industrial energy users pay a climate change levy on their power bills and landfill tax is charged on waste disposal – with rates doubling over the next three years. But perhaps the biggest impact for smaller businesses centres on cars and building expenditure, with real opportunities for tax saving.

Everyone knows that car tax (properly termed vehicle excise duty) is going up. However, the rates vary enormously according to the CO₂ emission levels. Those few cars with emissions up to 100 g/km pay zero VED. At the top end, for emissions over 225 g/km, the annual rate for most cars is £300, with an increase to £400 already announced.

Employees with company cars pay income tax on the benefit and their employer suffers National Insurance. The benefit is calculated by multiplying the list price of the car by a percentage of up to 35 per cent, varying with emissions.

A separate charge is made if fuel is provided, using the same percentage, but applied to a set figure of £14,400 (increasing to £16,900 for the 08/09 tax year). Taking a mid range petrol engined Ford Focus for example, with a list price of £15,000 and CO₂ emission of 165 g/km, the percentage for the 08/09 tax year will be 21 per cent. An employee with a car plus fuel will pay tax of up to £2,680, with NI of £857 for the employer.

From April 2008, a new category of car is introduced, the Qualifying Low Emission Car (Qualec), with CO₂ emissions of no more than 120 g/km. The Qualec percentages are 10 per cent for petrol cars and 13 per cent for diesel. Some diesel Ford Focus models will be Qualecs – with a list price of £15,000, employee tax will be no more than £1,660 and employer NI £530.

And although it is yet to be confirmed, it seems likely that employers will receive 100 per cent tax relief in the year that they purchase a Qualec, as compared to relief over a number of years for other vehicles.

Most capital expenditure on buildings does not qualify for tax relief. An exception is for equipment within the building, such as heating and sanitary systems, which qualify for capital allowances. From April 2008, the annual rate of allowances for most equipment will decrease from 25 per cent to 10 or 20 per cent.

For a range of environmentally friendly equipment, capital allowances are available at 100 per cent. Under new proposals, loss making companies which purchase such equipment will be able to claim a cash credit of up to 19 per cent. Significant tax savings can be achieved, first by identifying equipment within a building, and then by choosing green technology.

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Kreston Firms Increase Revenue by 30 per cent



Fee revenues for Kreston International, the worldwide association of independent accounting and business advisory firms, grew to \$1.7 billion in 2007 – an increase of 30 per cent on the previous year.

As well as helping overseas companies setting up in this country, James Cowper uses its membership of Kreston International to help expanding UK businesses find high quality advisers all over the world.

Currently ranking as the 16th largest accounting association in the world, Kreston now covers 78 countries with 665 offices, providing a resource of over 18,000 professionals and support staff.

“Our member firms are benefiting from strong national organic growth coupled with the sustained increase in reported international referral business, which has more than doubled over the past three years,” says Jon Lisby, Kreston International executive director.

“We remain well on track to achieve a top ten ranking in each of the major global trading nations.”

For further information visit www.kreston.com

Expansion for James Cowper Tax Team



Jacqui Birks has joined James Cowper as a tax manager. Jacqui joins the firm from Grant Thornton and has a wealth of experience in advising high net worth

individuals, entrepreneurs, unincorporated businesses, partnerships and trusts.

Her range of work will including carrying out inheritance tax and capital tax planning assignments to ensure clients are making the most of any tax planning opportunities available, as well as dealing with non-UK domiciles and residence issues.

“There is an increasing necessity to provide clients with specialist advice to protect their wealth against a background of ever-changing and complex tax legislation,” says Jacqui.



Tax net widens to 'catch' foreign income

For most of us, paying tax on our worldwide income is a fact of life. However, for foreign nationals who are UK resident but not UK domiciled ie they were not born here nor are intending to remain here permanently, there is a get-out-of-UK-tax card, which can be played in respect of their non-UK income – providing they leave the income outside the UK.

This is known as the remittance basis of taxation. Many UK resident foreigners are able to structure their finances so they do not need to remit their foreign income to the UK.

Furthermore there are legitimate planning techniques which enable the foreign income to be brought into the UK, free of UK tax, in the years following the year it arises.

Many feel this tax treatment is unfair but the Government has been reluctant, historically,

to make major changes to the laws, for fear of driving away foreign investors.

However, the Government announced radical changes in its November pre-Budget to the remittance basis of taxation for non-UK domiciled individuals, which are likely to take effect from 6 April 2008.

Under the new proposals, foreign domiciles who have been UK tax resident for seven out of the past ten years will also now be taxable on their worldwide income, unless their unremitted foreign income is less than £1,000 per year.

Foreign nationals who have already been UK resident for seven consecutive years will find themselves subject to the new rules from 6 April 2008.

Furthermore, the 'source ceasing' practices which enabled income to be converted into

capital for tax purposes (and remitted free of UK tax) will no longer be accepted by HMRC.

It will still be possible for non-UK domiciled individuals to elect to remain within the remittance basis of taxation – but this election comes at a cost of £30,000 per year, in the form of a surcharge and the loss of UK personal allowances and annual Capital Gains Tax exemption.

Therefore, it is likely that only those with unremitted foreign income of at least £80,000 per annum will benefit from paying this surcharge.

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A Guide to Income Withdrawal

Since 6 April 2006 ('A-Day'), income withdrawal is defined as a form of 'Unsecured Pension'.

Income withdrawal allows you to take part of your pension fund as a 'Pension Commencement Lump Sum' (PCLS) – the 'A-Day' phrase for tax-free cash, and defer the purchase of a lifetime annuity until, for example, your 75th birthday.

Alternatively, you could opt to purchase an 'Alternatively Secured Pension' (ASP) at age 75.

In the meantime, you can 'draw down', a (taxable) income from the remainder of your pension fund, which remains invested within a tax-advantageous environment.

As a lifetime annuity has not initially been purchased, this potentially allows you greater flexibility and control in the following areas:

- the amount of (taxable) income you draw
- where the pension fund is invested
- when to buy an annuity, although currently, you must purchase an annuity by age 75 at the latest (or go into ASP)
- dependents benefit in the event of your premature death

As you must firstly transfer your accrued pension fund(s) into an income withdrawal plan, it is very important that advice is taken to discuss the feasibility of any transfer(s). Any transfer(s) must occur before you take any benefits from any transferring scheme(s).

Let's look at an example:

Ignoring charges, if you had a total income withdrawal fund of £133,333, you could (usually) take up to £33,333 as a one-off PCLS, immediately at outset.

That leaves £100,000 from which you can draw an income, if required.

If we assume, for example, that £100,000 could secure a gross annual income of £9,600 – on the basis prescribed by the Government Actuary Department (GAD), by using a GAD factor of £80 per £1,000 – this would be the maximum amount of income that you could 'draw down' from your fund annually.

The income amount you take could be ceased or varied up or down each year, provided that it does not go above the maximum limit. The maximum income amount would then be re-calculated every five years and may go up or down; however, you can request that your maximum income level is re-calculated earlier than the five yearly review date (for example, on each anniversary of the plan).

You retain control over how your income withdrawal fund is invested.

Your invested fund is free of all UK taxes on investment income (other than dividend income from UK Equities) and capital gains.

Suitability

Income withdrawal is most likely to be suitable for a fairly sophisticated investor, who fully understands and accepts the potential disadvantages and inherent risks involved.

However, income withdrawal can still constitute an efficient tax-planning tool, a means of accessing the available Pension Commencement Lump Sum without having to extract any taxable income and as a way of providing an individual (and in particular, their surviving dependents) with a greater range of death benefit options than compared with, for example, a lifetime annuity purchase.

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This article is intended to provide general information only and should not be interpreted as offering advice. Chiltern Consultancy is a trading name of Bates Investment Services Ltd which is authorised and regulated by the Financial Services Authority and is a wholly owned subsidiary of The Money Portal plc.



Guess Who's Coming to Dinner?

In our regular feature, a member of the James Cowper team tells us who they'd invite to their perfect dinner party. In this issue, partner, Steve Clarke chooses his six ideal guests.

I like a laugh and can be heard several streets away, by all account, so my guests all have to have a good sense of humour to go with their other qualities.

Sir David Attenborough – If there was just one person I could invite it would be him. I have enjoyed an interest in nature for most of my life and even worked in a wildlife film-making company before joining James Cowper. He has a great wit as well as his infectious passion for the natural world.

Frederic Chopin – Not only was Chopin the most romantic of the Romantic composers he was also a great mimic. So who better to provide exquisite music before dinner and to get a good game of charades going afterwards? Of the Scots, he once

wrote 'Eccentric folk. God help them' and this was before they played rugby!

Steve Vai – Pipped Jimi Hendrix to the table as I thought he'd be slightly better behaved! The man who played 'stunt guitar' for Frank Zappa might shock Chopin to begin with but anyone who keeps bees in their spare time has got to have a gentler side from all that heavy metal.

Daley Thompson – My hero and my nemesis. As a bright eyed teenager I once thought I could make it as a decathlete until I saw Daley's results. The ultimate athlete in the ultimate event – a wicked sense of humour and joker to boot. We'd never have a dull moment.

Edmund Blackadder – OK, it's a bit of a cheat to have someone ever so slightly fictitious but this is make believe! He can add interesting, funny and lively debate on four different periods of history. But, I wouldn't let him bring Baldrick along to make the coffee.

Byddell – Never heard of him? Well, I'm not surprised. He was my thirteen times great-grandfather. All I know about him is that he was born around 1488, starting an unbroken line of over 500 years for my family in my home city of Coventry. What better way of exploring history could there be than to share it with your own ancestors? He may even have known Blackadder!

House of Lords' cash boost for business



Many local businesses could now be entitled to substantial repayments of VAT accounted for or incurred in the years from 1973 to 1996/97.

This follows the victory of the taxpayer in a war with HM Revenue & Customs (HMRC) that has raged for over ten years.

In late 1996 HMRC introduced a three-year time limit for claims for over-paid VAT. A few months later they extended this to back claims for input tax. In neither case did they ease the pain by way of a transitional period.

This has led to a great deal of litigation and on 23 January 2008 the House of Lords found in favour of the taxpayer. As a result, HMRC faces a bill for late claimed VAT and interest that almost certainly exceeds £100M, especially if they agree to pay interest on a compound basis (interest on interest).

Among those already claiming are a number of James Cowper clients.

There is still time to make or resubmit claims for VAT over-paid prior to 4 December 1996 or under-claimed prior to 1 May 1997 although time will now be running out. A six month guillotine is likely to be introduced for any new claims in relation to those periods.

Businesses should now review their VAT affairs to see whether they could be affected. Possible areas where there may be opportunities include:

- Charities, hotels or cultural facilities and events
- Mileage claims, especially for large fleets
- Staff entertainment/parties

This list is by no means exhaustive.

Organisations that would like help with carrying out a review or with submitting a claim should contact Terry Dockley on +44 (0) 1635 35255 or tdockley@jamescowper.co.uk

New Finance Director at James Cowper



Nell Dillistone has joined James Cowper as finance director. She has a strong background in the service industry, predominantly with small to medium sized

companies where her role has been to help manage change and growth.

Her previous position was finance director with international outplacement company, DBM.

It is a newly created post and reflects James Cowper's ambition to build on the strong growth it has achieved in recent years.

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