

# BASE<sup>52</sup>

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# BEANS TALK

Issue 8 Spring 2018

## Welcome to our spring newsletter

I hope you enjoy our latest newsletter with our current news, as well as tax and business tips.

You have probably heard some of the buzz around the new General Data Protection Regulation (GDPR) which comes into force on 25 May. It certainly has far reaching implications for small businesses, particularly those that retain personal data of any kind for customers, employees, prospects and other contacts.

We have been looking at how GDPR affects Base52

and you may have seen our email asking you to 'opt in' to our email and other communications.

A number of you have asked for help and advice about GDPR. I am pleased to announce our own event on Wednesday 18 April in Hitchin to help you assess what GDPR means for your business.

**You can find out more and book your place at [www.Base52.co.uk/events](http://www.Base52.co.uk/events)**

**Fred McBreen**



**Come to Growth Club on  
26 April 2018  
and hear from  
D & J Lettings'  
Dharmesh Patadia**



**Join us at Los Reyes,  
Bucklersbury, Hitchin  
from 09:30 to 11am**



**Concerned about GDPR? Book online NOW for our event on 18 April**

# 10 top tips for saving business tax

There is a saying, 'Don't let the tax tail wag the business dog'. In other words don't be so focused on saving tax that you don't make the right business decisions.

Having said that, it does make sense to organise your affairs so your business doesn't pay too much tax. Here are some tips:

## **Choose the right business structure**

Sole trader, partnership, limited liability partnership or private limited company? Getting this decision right can save a significant amount of tax. Sometimes it might be obvious to set up as a limited company from the outset. In other cases, being a sole trader may be the best choice, but as the business grows and achieves some scale there may be advantages in changing to a limited company or possibly a partnership, for tax and other reasons.

## **Draw income in the right mix**

For directors and shareholders of their own limited companies, drawing a tax effective mix of salary and dividend will provide tax benefits.

## **Share income with spouse and family members**

If your partner has a role in the business they can be paid a fair rate for the work they do. The same applies to other family members. This will save on business tax and personal tax as income is shared within the family. For limited companies, consideration can also be given to spreading share ownership within a family.

## **Deal with vehicle ownership and motor expenses in the best way**

Within sole trade and partnership businesses there is a choice – treat the vehicle as a business asset (with adjustment for private use) and charge motoring costs to the business or own the vehicle personally and charge a mileage rate. The rule of thumb is that if a vehicle is high value and business mileage is low it is probably better to

treat the vehicle as a business asset. Once you choose a method, it needs to be adhered to until a vehicle is changed.

The tax treatment for companies is different. Company cars are taxed based on vehicle emissions (the higher the emissions, the higher the tax charge) and the individual is taxed as a 'Benefit in Kind'. Directors and employees can also use their own cars for business purposes and charge the company a mileage rate. Making the right choice depends on a number of factors so it is advisable to discuss this with Base52 before making a decision.

## **Make pension contributions via your company**

Pension contributions can be made by a company to a director's personal pension scheme. The company gets corporation tax relief on the contributions. For advice on pensions we recommend that you should consult an Independent Financial Advisor.

## **Make asset purchases at the right time**

If you are thinking of replacing a business asset, the best time to do it is at the end, rather than the start of your financial year. For example, if a company year end is June, purchasing an asset in June instead of July would bring forward tax relief on the asset by 12 months. A valuable cashflow benefit.

## **Let the company pay for some expenses relating to key employees**

The company can pay for certain expenses including relevant life cover, key man insurance, healthcare etc, gaining corporation tax relief. In some cases there may be a 'Benefit in Kind' charge on the individual. Nevertheless, net tax savings can be made.

## **Consider the best structure for business property**

If you are thinking of investing in property within your business, it is best to consider the tax implications in

advance. For purchase of business premises, it is usually better to buy these personally (or possibly via a SSIP) and charge the company rental. If using accumulated profits in a company to purchase property this may affect the shareholders' eligibility for entrepreneurs' relief if the business is subsequently sold. In some cases it may be sensible to form a separate company for property investment rather than purchase this in the 'trading' business.

## **Consider your business exit plans well in advance**

All business owners will exit from their business at some time, either from a gradual wind down of business activity, a managed liquidation of the company or a business sale. All of these options have tax implications and timely planning can result in substantial tax savings.

For example in a business sale, sale of shares in a company will be more tax effective than sale of assets and goodwill. Understanding the tax implications in advance can help with negotiations and ensure that any deal is structured favourably.

## **Manage drawings from the business**

For limited company directors and shareholders, managing their income so that it stays within the key personal tax thresholds will yield tax personal tax savings. This will also ensure that a reserve is left in the company as a contingency or to invest in growth. There are other options for extracting these profits tax effectively as part of an exit strategy.

## **If you have any questions about these tax tips please let us know.**

**The tax tail shouldn't wag the business dog but following some of these tips should help you to keep more of your hard-earned profits.**

# Meet the team:

## Delyth Richards

*As the third in our series to introduce you to members of the team, we sat down with Del.*

### What's your role at Base52?

My job title is Practice Manager. The role is quite broad, covering areas as diverse as client engagement and ordering the stationery. I look after Auto Enrolment for Pensions and practice compliance such as Anti Money Laundering and Data Protection. I am the first point of contact for clients at Base52 and always aim to answer the phone with a smile!

### How long have you been here?

I joined Base52 in May 2011.

### When not here, what do you enjoy?

I sing in an acapella choir, play bridge, play tennis, ski and

water-ski and walk my Labrador, Honey.

### Tea or coffee?

Tea. And coffee.

### Favourite film?

This is a very difficult one. The film I return to most often is *Amadeus*.

### Favourite holiday spot?

I like active holidays, I'm not a sun-bathing, beach holiday lover. I love Newport in Pembrokeshire or anywhere with beautiful walks.

### Four fantasy dinner party guests?

I would sit Simon Cowell and Donald Trump opposite each other and enjoy the battle of egos! I would invite Jamie Oliver because he seems a thoroughly nice chap and he could help me



with the cooking. My final guest would either be Alexander Armstrong or Stephen Fry. I think I would chose Alexander because if we run out of conversation, he could entertain us with his lovely tenor singing voice. Obviously I would have chosen David Attenborough but I imagine he is far too busy attending everyone else's fantasy Dinner Parties!

### What does the future hold for you?

I'm very happy with things as they are so more of the same please!

## Growth Club Speaker Profile



We were delighted to be joined by Blippar co-founder Jess Butcher at our January Growth Club session.

Jess shared some of her background and what's led to her recent successes, including her rating in the BBC's Top 100 Women and the award of an MBE for contributions to digital technology and entrepreneurship.



"Mentoring small businesses and helping start-ups has become a passion for me and one of my mantras is 'Better sooner than perfect'.

"Evolution and development is vital to most great businesses."

**Ask us about Kashflow accounting software**

# Quarterly review

We've had a good winter so far and have enjoyed working with many local and national businesses.

We were delighted that Simon passed his final ACCA (Association of Chartered Certified accountants) exams; Carly passed her final ATT (Association of Tax Technicians); Danny passed his personal tax module within AAT. Well done to them all.

January's Growth Club was inspirational for all of us. Read more about it on page three.

Our Wealth Plan sessions continue and we look forward to helping more of our clients and non-clients in the coming months.

Gianni moved from Wealth Plan to a special March Knowledge Bites session to help people prepare their own longterm personal financial plan.

Having successfully passed the personal tax filing deadline in January, we've also worked on many limited company accounts - it's been busy here at Base52!

The end of the tax year passed on 5 April and if we deal with

your tax returns, we look forward to receiving your records soon.

The Chancellor's Spring Statement in March was something of a damp squib. On the positive side, the growth forecast for 2018 was revised upwards from 1.4% to 1.5%. Threats for businesses remain, including continued uncertainty around Brexit and rising wage inflation.

More of our clients are moving from manual or Excel record keeping to cloud-based accountancy software. We provide and support one of the best - Kashflow - which is ideal for small and start-up businesses. Please let us know if you would like a demonstration.

Our 'Refer a friend' scheme continues to work very well. A big thank you to all of you who have referred Base52 to your friends and other contacts. Under the scheme, both the person or business making the referral and the personal or business referred gain a financial reward if the referral becomes a Base52 client. In the past 12 months we have paid out £1,700 in referral fees so that is a very positive trend.

# Coming soon

We have events over the next few months for Growth Club, Knowledge Bites and Wealth Plan.

**18 April**  
GDPR workshop



**26 April**  
Dharmesh Patadia

**16 May**  
Fred and Gianni help with financial planning



**21 June**  
How to Sell your Business with author Gary Morley

**19 July**  
Anisha Joshi



**27 September**  
Buy to Let

**Book now by going online to our website or calling one of the team**



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