

BRANCHING OUT!

Chiene+Tait are delighted to announce the establishment of a London office. Our new office is centrally located in Holborn, close to the Chancery Lane underground station.

The firm has long had strong business links with London. In particular we have many Scottish based clients who have themselves expanded into London. Increasingly we have also been successful in obtaining London based clients.

Gavin Morton, our managing partner, said "This is a significant milestone for Chiene + Tait. This move is a logical expansion, reflecting the size and diversity of our clients. We look forward to developing further our services to businesses in London".

The move to open in London has been spearheaded by Jeremy Chittleburgh who added "We feel that this move is a natural progression for the firm, in particular building on our considerable success in obtaining audit, risk advisory and tax consultancy work in London."

The address of our new office is 330 High Holborn, London WC1V 5QT, telephone 0207 203 8360, fax 0207 203 8409. Jeremy and many of his colleagues are in London regularly and would welcome the opportunity to meet you at our new office.



CHANCERY LANE

pension points

The pensions' world has changed significantly over the last few years. Some reminders of points of interest are:

Personal contributions

There is now flexibility over the level of personal pension contributions with up to 100% of earnings generally possible. However, there is no longer

a "carry back" facility and contributions need to be paid by 5 April to be set against that year's earnings. For the self employed, all the earnings information may not be available and this causes difficulties.

Tax relief

Tax relief is available for personal pension contributions. Care is needed by higher rate paying employees to ensure that the full relief is given at the earliest opportunity. They should ensure this is given either via the employer's payroll or by coding adjustments.

Employer Contributions

There is also flexibility over employer contributions, although the tax rules do not now automatically grant a tax deduction to the employer for his contributions. There has been guidance from HMRC on this subject, broadly confirming that pension payments will be viewed as part of an overall remuneration package.

Speak to your usual C+T contact if you would like further details on any of these points

MORE FOR MOTHERS

The Work and Families Act 2006 introduces changes to Maternity Leave entitlements for mothers of babies due on or after 1 April 2007.

The main changes are:

- Statutory Maternity Pay (SMP), Maternity Allowance (MA) and Statutory Adoption Pay (SAP) become payable for 39 weeks (increasing from 26 weeks).
- All working mothers are entitled to Additional Maternity Leave (AML) regardless of length of service.
- Employers may make reasonable contact with the new mother, and may discuss arrangements for her return to work.
- By mutual agreement, employees may work for up to ten Keeping in Touch (KIT) days and receive pay without losing the right to SMP or maternity leave.
- The employee must give eight weeks notice if she intends to return before the end of the leave period.
- SMP may start on any day of the week.
- From 1 April 2007 the rate of SMP will be £112.75 per week.



This Act also extends the right to request flexible working to carers of adults who are in need of care. This right applies to anyone who is or expects to be caring for a spouse, partner, civil partner or relative; or if not the spouse, partner or relative, living at the same address as the adult in need of care.

For further information see the informs in the HR section on our website (www.chiene.co.uk/library/inform/HumanResources)

Famously, on its introduction, VAT was described as being a simple tax. Most businesses dealing with the VAT rules, especially on land and property, would beg to differ.

Take the example of a property investor looking at a new residential care home. The investor would like to lease the home for an initial period of ten years to a charity involved in the care of children in vulnerable situations. The VAT position was a crucial factor in determining the financial viability of the project.

Lynn Gemmill, a full time VAT specialist and a key member of C+T's Land and Property Group, explains that when this situation crossed her desk the investor had thought that zero rating of the building costs might be available. However this only applies to the construction by the end user. In addition, a ten year lease is an exempt supply.

A solution was found by suitably extending the length of the lease. Helen Mackenzie, another VAT expert at C+T, comments that the solution had to take account of all financial and tax issues, including here, the effect on SDLT. The best outcome requires an understanding of all of the aspects.

Lynn, Helen and the firm's other experienced VAT practitioners are pleased to give guidance on individual construction projects, whether to investors, contractors, architects and other professionals, or to end users. Helen emphasises that the firm's property experience is also available to non clients and on a project by project basis, and means that all the relevant issues can be considered to give the optimum result.

Contact the Land and Property team at land@chiene.co.uk.

pensions

Choices, Choices... Pension Choices

The main attraction of Self Invested Personal Pensions (SIPPs) and similar self directed pension arrangements is the freedom for the pension beneficiaries to choose the scheme's investments. How should this freedom be best used and what are the constraints?

Robert Bell of CTFS Ltd, a SIPP expert, explains that there are four matters to be considered. These might be viewed as a series of filters.

The first filter is rarely a problem in practice. Pension arrangements may contain rules limiting investment choices. Robert explains that this is more a matter of checking the scheme rules and where appropriate seeking a change.

The second filter is the tax rules. The approach after A Day is not to prevent any

investments as such, but to impose swingeing tax charges where some types of investment are made. Ian Ody, an executive director at CTFS Ltd, says that the level of tax charge is so high that certain types of investment are effectively out of bounds. The best known example is in residential property (unless through a syndicate).

The next filter is a practical one. Robert gives an interesting example of this in the area of unquoted investment. Many executives are attracted to the concept of holding shares in their employer's company in their pension. However Robert's experience is that few SIPP managers are prepared to allow this, although there are notable exceptions. This is where experience of the pensions market can be invaluable.

The fourth filter is the one that takes up most of Robert and Ian's time in advising clients, namely drawing up a detailed investment strategy. Both advise taking a holistic view of personal circumstances and objectives, and attitude to investment risk.

Look on our website (www.chiene.co.uk/library/inform/pensions) for more details of the tax rules, or phone 0131 558 5800 to discuss your pension choices with Robert and Ian.

Companies House now welcomes online filing of some documents over the internet. It is not yet possible to submit electronically full annual accounts, but the documents currently acceptable include:-

- Annual return
- Audit exempt abbreviated accounts
- Dormant company accounts
- Change to accounting reference date
- Change in secretary/directors
- Change of address
- Location of register of members or debentures
- Allotment of shares
- Notification of increase in share capital

Advantages of online filing include:-

- Reduced cost of annual return filing (£15 compared to £30 by post)
- Immediate acknowledgement of receipt of documents
- Acceptance email normally received within 24 hours

Registration is required to use online filing. The process is simple and can be seen at www.companieshouse.gov.uk>webfiling. Companies House issue a Company Authentication code by post, and a security code by email. Electronic submission can be started once you have received both.

Chiene + Tait can act as your agent and

provide comprehensive company secretarial support, including electronic filing. We would ask for your prior approval of the contents before submitting documents on your behalf. Please speak to Allan Clark or your usual C+T contact for more information.



Allan Clark

social housing

HOUSING DEVELOPMENTS

It is increasingly common for registered social landlords (RSLs) to be involved in property construction. Inevitably this means that RSLs must get to grips with a host of rules and regulations, including tax issues relating to property development.

One of the tax issues which has become much more important in recent years is Stamp Duty Land Tax. SDLT is payable on land transactions at rates of up to 4%. SDLT can therefore be an important element in the eventual cost of housing.

RSLs do however attract valuable SDLT exemptions, both as charities and in respect of HAG funded developments. Our website has a summary of the relevant rules. (See www.chiene.co.uk>library>inform>socialhousing>SDLT:Social Housing Reliefs).

However, for a variety of reasons, many major RSL construction projects are arranged

through subsidiaries, or perhaps as joint ventures with property developers. Subsidiaries or third parties will have no equivalent SDLT exemption.



Subsidiaries involve other issues including:-

- VAT, where there can be savings through the use of subsidiaries.
- CIS, where subsidiaries will not qualify for the exemptions available to charitable RSLs.
- HAG funding, where the timing of HAG can reflect payments on account for construction services.
- Financing of subsidiaries for charitable RSLs, where regard is needed for HMRC rules for charitable investments.

Accordingly, it is important to take a comprehensive overview in arriving at the optimum structure for construction work for RSLs. Please speak to your usual C+T contact for more information in this area.

SDLT on Linked Transactions

Stamp Duty Land Tax (SDLT) is payable at rates of up to 4% on land transactions, depending on the values involved. The rules on linked transactions seek to prevent an SDLT advantage from splitting a single transaction into separate transactions. As with many tax rules, behind this straightforward concept lie areas of complication and uncertainty.

A brief summary of the key points on linked transactions can be seen on our website: go to www.chiene.co.uk, then click on library>inform>land & property>SDLT.

CLUBBING TAX FREE

Clubs and incorporated associations are generally liable to corporation tax rather than to income tax. Any surplus from activities with members is ordinarily exempt from tax under the mutual trading principles. For instance golf and tennis clubs need have no tax concern over any surpluses from subscription income.

Some clubs will earn interest or perhaps receive some lettings income. Income of this type remains taxable in the same way as in the hands of commercial organisations.

It is not economic for HMRC to process self assessments for consistently small amounts of tax. Neither do clubs always have the infrastructure to understand and deal with their obligations.

The £10,000 nil rate band for corporation tax took most clubs outside the realms of tax liabilities. However the nil rate band was abolished from 1 April 2006.

To deal with this these small amounts, provided that their tax is expected to be below £100, clubs will be treated by HMRC as dormant. This is subject to five yearly review and various conditions. Welcome, but hardly posing much of a threat to the country's finances.

LEADING A MODERN CHARITY

Leading the modern charity requires awareness of legal, reporting, governance and taxation developments.

The advent of the Charities and Trustee Investment (Scotland) Act 2005 and the creation of OSCR has revolutionised the administration, monitoring and supervision within the charitable sector in Scotland.

Key sections of the 2005 Act legislate for the preparation of charity accounts, designated religious status, the role of Trustees, investment powers and fundraising. The Act also requires all charities which are not constituted in Scotland, but with a "significant presence" in Scotland, to register with OSCR and to be entered in the Scottish Charity Register by the end of February 2007.

The Charities Accounts (Scotland) Regulations 2006 raise the audit threshold for unincorporated charities to £500,000, however the charitable company audit threshold remains, for the time being, at £250,000.

Governance is an increasingly important area for directors and trustees of charities and guidance on risk assessment and best practice should be sought. Key areas for Boards to consider include:-

- Leadership
- Control structures
- Performance measurement
- Board review and renewal
- Effective delegation
- Integrity

Taxation is often assumed to be a benign topic to the charitable sector. The reality is two fold:-

1. Charity taxation is complex and changing; and
2. HMRC enforce the tax rules vigorously on charities.

HMRC has published a useful overview of how the tax system operates for charities and donors: see www.hmrc.gov.uk/charities/keyinfo/index.htm.

In addition, the Chiene + Tait website contains a number of articles on topical charity matters. Go to www.chiene.co.uk, then click on library>inform>charities & education. Or ask your usual contact at C+T.

charities & education

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