



Newsletter

Stuart Ferguson ACMA
CHARTERED MANAGEMENT ACCOUNTANTS

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THE RIGHT ADVICE FOR YOUR BUSINESS

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Have a Tax Free Christmas Party

It's Party Time....

Everyone loves a Christmas Party but I am sure your employees would prefer it to be tax free, so lets have a quick recap on the rules.

HMRC have an Exemption (not an allowance) of £150.

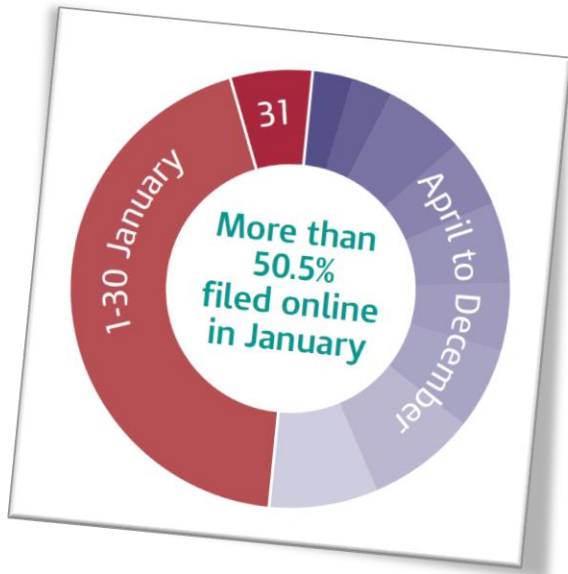
- *available to employees generally or*
- *available to employees generally at one location, where the employer has more than one location.*
- *If the employer provides two or more annual parties or functions, no charge arises in respect of the party, or parties, for which cost(s) per head do not exceed £150 in aggregate.*

The figure of £150 is not an allowance. For functions that are outside the scope of the exemption directors and employees, except those in an excluded employment, are chargeable on the full cost per head, not just the excess over £150, in respect of:

- *themselves and*
- *any members of their family and household who attend as guests.*

*The cost of the function includes VAT and the cost of transport and/or overnight accommodation if these are provided to enable employees to attend. Divide the total cost of each function by the **total** number of people (**including non-employees**) who attend in order to arrive at the cost per head.*

Self Assessment Life Savers



Its time to work on your tax return for the tax year to 5th April 2014.

Get it sorted early on for your own peace of mind and so that your accountant isn't burning the midnight oil for the whole of January!

Paper returns must be filed by the 31st October and Online returns by the 31st January.

If you don't file you will have penalties to pay.

Here are 3 life savers if you get stuck:

1. Provisional figures
2. Estimates
3. Corrections

Returns which include provisional or estimated figures should be accepted provided they can be regarded as satisfying the filing requirement.

- A **provisional** figure is one which the taxpayer / agent has supplied pending the submission of the final / accurate figure
- An **estimated** figure is one which the taxpayer / agent wishes to be accepted as the final figure because it is not possible to provide an accurate figure for example where the records have been lost. The taxpayer is not required to tick box 20 of the Finishing your Tax Return section of the return page TR 6 (or equivalent in a return for an earlier year) where estimated figures have been used
- **Corrections** can be made up to 12 months from the 31st January when you submit the return

FAST FACTS

2 Million

In January 2014 there was a 2 week extension because 2 million tax payers hadn't filed in the last week

31 January

You must file online by 31 January 2015

FOR MORE INFORMATION

Contact

info@stuartfergusonaccountants.co.uk

20 ways to improve cash flow



Cash is vital to you and your business, lack of cash kills businesses.

So how can you improve cash flow:

- Prepare a detailed cash flow forecast, schedule your direct debits and standing orders, knowing how much cash you need and when will help you focus on where the cash will come from
- Invoice your clients as soon as you can, often small businesses invoice late and this just lengthens the time it will take to collect payment
- Get stage payments on large contracts
- Negotiate payment terms with your suppliers, try to at least match the client payment terms with the supplier terms
- If you are able to spread payments do it, for example, most insurance companies will offer you that chance to spread the payments over 10 months

- Adopt 'just in time' for stock items, don't carry more stock than you need to
- Pay sales commissions only after the client has paid
- Change weekly payrolls to monthly where possible
- Sell assets you don't need
- Sell obsolete and slow moving stock
- Consider paying mileage allowances rather than owning company cars
- Chase your debts
- Get a good credit rating as it will help you negotiate better supplier terms
- File your accounts and tax returns on time to avoid penalties
- Credit check your clients and agree terms based on their credit history and rating
- Diversify to smooth out seasonal trends
- Control your costs and reduce them where possible
- Make cash collection a KPI for your business
- Finance your fixed asset purchases
- Use Invoice Finance if your clients demand long terms

Your CIMA accountant can help you and your company with all these aspects of cash flow – just ask!



HMRC Rules on Christmas Gifts



Certain gifts from third parties (suppliers/customers) are tax free if all these conditions are satisfied:

- the gift consists of goods or a voucher or token only capable of being used to obtain goods, and
- the person making the gift is not your employer or a person connected with your employer, and
- the gift is not made either in recognition of the performance of particular services in the course of your employment or in anticipation of particular services which are to be performed, and
- the gift has not been directly or indirectly procured by your employer or by a person connected with your employer, and
- the gift cost the donor £250 or less, and
- the total cost of all gifts made by the same donor to you, or to members of your family or household, during the tax year is £250 or less.

An employer may provide employees with a seasonal gift, **such as a turkey, an ordinary bottle of wine or a box of chocolates at Christmas.** All of these gifts can be treated as trivial benefits. For an employer with a large number of employees the total cost of providing a gift to each employee may be considerable, but where the gift to each employee is a trivial benefit, this principle applies regardless of the total cost to the employer and the number of employees concerned. If a benefit is trivial it should not be included in a PSA ([EIM21861](#)).

If the gift extends beyond one of the items mentioned above, for example from a bottle or two to a case of wine, or from a turkey to a Christmas hamper, you will need to consider the contents and cost before being able to determine whether the benefit is trivial.



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