

NEWSLETTER



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AUTOMATIC ENROLMENT FOR PENSIONS

The Pensions Regulator is currently writing to all small employers with the start date for automatic enrolment for pensions. Unfortunately we can't offer this service as part of our payroll services as it is time consuming and it is up to the individual employer to decide on which pension provider they choose to use. The Government supported one is Nest Pensions (www.nestpensions.org.uk) but there are lots of providers offering this service.

Please note that companies with a single director and no other employees are exempt from these rules, so you do not need to do anything.

Everyone will be expected to start communicating with staff to find out if they wish to be enrolled or if they wish to opt out. There is detailed guidance on the Pension Regulator website as well as on the Nest website above.

Once you have enrolled, you will need to tell us your start date and what level of contributions the employees and the employer are making so that we can incorporate this into your payroll to ensure the correct deductions from your staff and the correct payment to the Pension provider.



INSIDE THIS ISSUE: Automatic enrolment, Fee Protection Insurance, Transfer of Personal Allowance, Quickbooks Online, When to incorporate, Change to Class 2 NIC

TRANSFER OF PERSONAL ALLOWANCE

From 6 April 2015 it will be possible to transfer some of your unused personal allowance to your spouse. However, not everyone will qualify as:

- You have to be married to make the election
- The higher earner must be a basic rate taxpayer, not a higher rate taxpayer
- One spouse must earn less than £10,500 (in 15/16) to have spare annual allowance to transfer

The maximum that can be transferred is £1,050 which would save £210 in tax for the couple.

The election can be made in advance or on your personal tax return when that is completed. Where we act for only one person in the marriage, it will be important for you to let us know if your

spouse has any unused personal allowance so that we can make the election on your behalf for the transfer to you.

If we don't prepare your tax return, you will need to contact HMRC to register your interest in applying for this (the Revenue's systems aren't yet ready to cope with it!). They will then contact you within 14 weeks to arrange for your PAYE codes to be amended. The link for this is <https://www.gov.uk/marriage-allowance>.



QUICKBOOKS ONLINE

We now offer QuickBooks Online as part of our service. This could be providing you with the software where you do your own day to day book keeping, but we can get access online to have a look at how the year is progressing or helping you with book keeping queries without the need for a site visit.

This is also useful where you wish us to do your book keeping, but you wish to be able to access your data, or where you want to do your own invoicing etc, but leave the banking and supplier side to us.

The software is easy to use and free training can be arranged if you sign up for this service.

The cost is £19 plus VAT per month for the software, the plus side is you will always be running the latest version of the software, so no more software upgrade fees.

Please visit <http://www.intuit.co.uk/quickbooks-accounting-software/> for more information or contact us for details.



As a special promotion, if you sign up before 19 April 2015, you will get the first six months at 13.30 plus VAT, and then it will revert to £19 plus VAT per month.

WHEN TO INCORPORATE A SOLE TRADER BUSINESS TO A LIMITED COMPANY?

Whether a client should set up as a limited company will depend on a number of factors, not just the tax saving, although the tax saving can be substantial. Other factors to consider are:

- Client preference – you may want to benefit from limited liability, but you may prefer to keep your details and accounts out of the public domain
- Cars – if you have an expensive gas guzzling car, you may save more tax as a sole trader
- Accountancy fees – these are higher for limited companies and you will still need a personal tax return doing as well
- Tax payment dates – a company pays tax 9 months and 1 day after the end of its accounting year end. Sole traders pay tax in January and July each year. This may be a consideration if you have seasonal or variable income
- State pension – class 4 NIC for a sole trader don't count towards anything (class 2 does however). For a company, you just need to pay the director a basic salary for them to qualify for state pension for the year, without actually having to pay any NIC at all

Given a profit level of £50,000, a sole trader would pay tax and NIC of £12,985. As a company, the company together with the director would pay £3,909 less in tax and NIC than the sole trader.

We generally recommend that clients with a profit of £20,000 or more should seriously consider operating as a limited company.

CLASS 2 NIC CHANGES FROM APRIL 2015

Class 2 National Insurance for self employed individuals will no longer be collected monthly or six monthly by direct debit. As from 6 April 2015, the Class 2 NIC will be calculated on your tax return along with your tax and Class 4 NIC as normal. This will then form part of your January/July tax payments.

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No responsibility is accepted for action taken as a result of the contents of this newsletter. In order to determine whether a course of action is appropriate, please contact us to discuss your circumstances.



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