

REDUCING CREDIT RISK AND ACCELERATING CASHFLOW

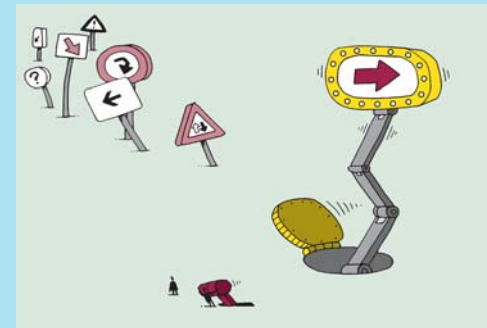
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Summary

- > Capital allowances
- > Research and development tax credits
- > Trading loss carryback
- > Asset protection
- > Remuneration planning
- > Business payment support service

Capital allowances

- > Introduction of new 40% FYA:
 - > All businesses
 - > Qualifying expenditure in the year ended 31 March 2010
 - > Exceptions
 - > Interaction AIA



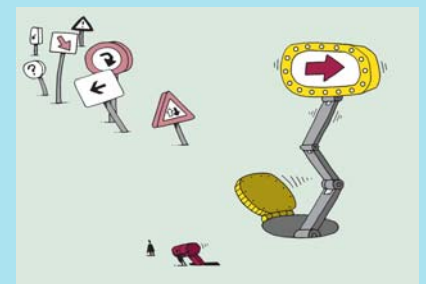
Capital allowances – new FYA example

- > Qualifying expenditure £100,000
- > Pool b/f £40,000

AIA on first £50,000 x 100%	£50,000
Allowances on balance at 40%	£20,000
Pool b/f restricted to 20%	£8,000
Closing value of pool (£32k + £100k - £50k - £20k)	£62,000

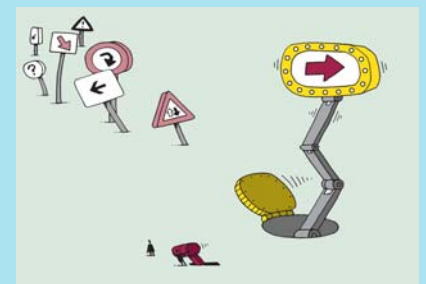
Research and Development Tax Relief

- > Carry out activities which seek to resolve technological or scientific uncertainties or make advancements
- > 175% relief for SMEs
- > SMEs may surrender R & D losses for 24p in the £1 tax back
- > 100% allowances available on R & D capital expenditure
- > Not limited to scientific businesses



Trading loss carry back extension

- > Benefit all businesses (companies & unincorporated)
- > Extend carry back period from 12 to 36 months (LIFO basis)
- > For APs ending in the period 24 November 2008 to 23 November 2010 (2008/09 and 2009/10 for unincorporated businesses)
- > Creation of two separate £50k caps arising from the losses in the extension period
- > Existing first year carry back still unrestricted



Trading loss carry back example

OLD BASIS

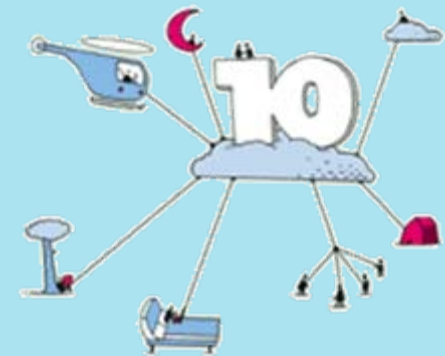
Year to 30 October	2006	2007	2008	2009	2010
	£,000	£,000	£,000	£,000	£,000
Profits/(losses)	40	120	70	(130)	(130)
			(70)	70	
		(50)		50	
Revised profits/(losses)	40	70	0	(10)	(130)

NEW BASIS

Profits/(losses)	40	120	70	(130)	(130)
			(70)	70	
		(50)		50	
		(50)			50
Revised profits/(losses)	40	20	0	(10)	(80)

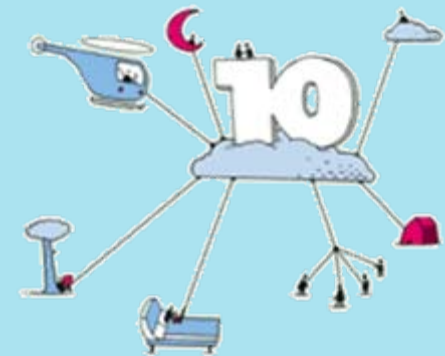
Asset protection

- > Consider tax efficiency of structure
- > Review group structure – simplification by merging activities to reduce admin / overhead costs
- > Protect valuable assets (property and cash?)
- > Review CT payments on account



Remuneration planning

- > No better time than now to consider best approach
- > Salary?
- > Dividends?
- > Pension contributions?
- > Alternatives?

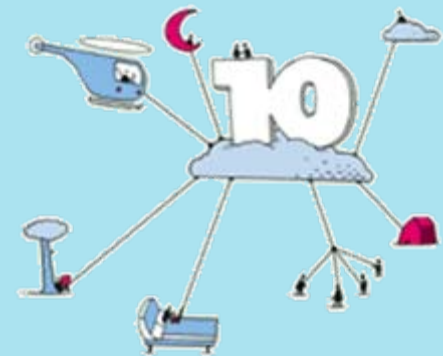


Marginal tax/NI rates 2010/11

Band	Employed
0-£6,475	0%
£6,476-£43,875	31%
£43,876-£100,000	41%
£100,001-£112,950	61%
£112,951-£150,000	41%
Over £150,000	51%

Business Payment Support Service

- > Launched following 2008 PBR
- > HMRC will provide new service for viable businesses in temporary financial difficulty
- > Ability to spread payment over a “timetable business can afford”
- > Covers all taxes; CT, VAT, PAYE, IT & NIC

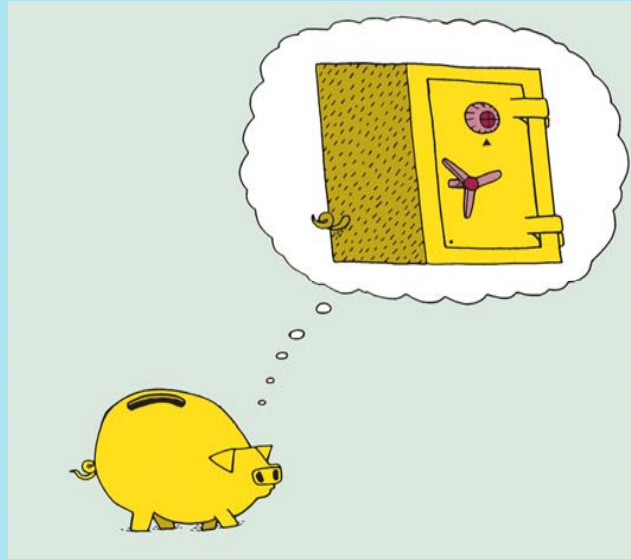


Business Payment Support Service

- > Now able to take into account CY loss when calculating/paying PY liability:
 - > Quantum
 - > Timing

- > But, need to undertake to file return on time

Thank you



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Tenon tax

Advisers to entrepreneurs