



December 2005 Newsletter

Christmas special.



Book of the month

7 day weekend

Tax disc on line

We get to fight with government IT systems on a daily basis, so it was a revelation when I successfully taxed my car on line. All I needed was the car's registration number and reference (from the front of the log book) and the system knew that it had been insured and MOTd. The tax disc arrived in the post 3 days later. That's how it's supposed to be in the brave new world of e.government.

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Evangelical

There is a theory that football is the new religion, which makes unbelievers of a least half the population. Business is an alternative candidate and there is a trend in the States to apply evangelical principles to marketing approaches. Conversion on the Road to Rotherwas?

Boyscout pocket money cut

Accountants have always understood cost control, which is why Tax Returns are filed in January (Christmas is cancelled?). I was particularly impressed with the idea of issuing shares in my son's violin and then giving him a few shares every year for Christmas for the next 10 years. However, I discover that bank managers are as bad. The Boyscout is, of course, from a long line of said professionals and was recently telling the story of how he got a cut in pocket money when sterling came off the Gold Standard (or something like that). I'm sure we must be able to build in a similar (dis)incentive scheme at work.

Tinkering on

The technical press has had a huge amount to say about the Chancellor's recent Pre Budget Report. His approach to tax mirrors his approach to the economy: it's all gone wrong, but it's somebody else's fault. The oddest thing (apart from the pensions debacle) is the story on Corporation Tax:

- A nil rate band of £10k was introduced in 2003 to "encourage enterprise"
- Loads of low-profit sole traders formed companies to take advantage of the effective £15k nil rate band this created (corporate + personal)
- The Treasury realised what it had done and called this tax evasion
- It then introduced the Non-Corporate Distribution (NCD) rules to fix the "problem". These rules are so obtuse, I never understood them.
- The PBR then abolishes the £10k band, making the NCD rules irrelevant, and putting tax back to

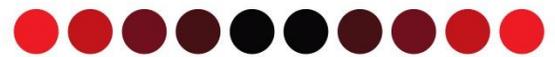
19% for profits up to £300k. Where it was before.

- As a random give-away, we go back to 50% First Year Allowances for plant and equipment from 1.4.06 (compared to 40% this year).

He's also had a fiddle with the Pre Owned Asset rules, but these are simply unworkable. Can anybody explain the logic of this to me? Or is that my mistake?

Disclaimer

No merciful beheadings.



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