



**DUCKETTS**
  
 TRUSTED ADVISORS

June  
 2006  
 Newsletter

*World Cup special. Looks like I may be spending lots of time in darkened rooms surrounded by crying women? [I'm talking chic flick rather than low light performance reviews.]*



### Possible books of the month

With the holiday season approaching fast, I'd like to make my usual recommendations for light reading on the beach:

"The World is Flat" by Thomas L Friedman

"Freakonomics" by Steve Levitt and Stephen Dubner

These 2 titles have been praised (by some worthy publication or other), but I haven't quite got round to reading them myself yet. I was thinking more along the lines of Wilbur Smith, maybe?

### Geek collectors

In an attempt to divert you all from the football, I thought I ought to offer some sort of prize this month. Very little is happening in the world of tax and accountancy, so the Sage of Bishopswood suggested that we should have a prize for the best collection.

Anything you like:

- Tax avoidance schemes
- Parking tickets
- Feminist jokes
- Etc

As regards the rules, let me make it clear that, under no circumstances, will a solicitor win the prize. Whatever it may be.

[Collectors@chrisduckett.co.uk](mailto:Collectors@chrisduckett.co.uk)



### Employment Law

Sophie says that new Age Discrimination rules come in from October 2006 and there is also TUPE 2006 to contend with? I don't pretend to understand, but she does

[sophie.williams@gabb.co.uk](mailto:sophie.williams@gabb.co.uk)

## Key performance indicators (KPIs)

The Boyscout and I (still) regularly get frustrated with the general view that KPIs are for big businesses. To run any business, however small, you have to manage actions that produce results. KPIs are a measure of that activity and therefore not dependent on the accounts system. This is a good article: maybe on the hard side:

<http://www.bettermanagement.com/search/SearchResults.aspx?Keywords=partnerer>

The guy who wrote this also has his own site, which is also relevant:



## Health & Safety Down-under

It seems the problem is more widespread than I thought. Article from Australia tells the story of an H&S Inspector pulled over by a traffic policeman (68 in a 60) and spot fined \$120. The Inspector retaliated by photographing the policeman and issuing a fine for \$800 for being outside his vehicle without his yellow reflective vest on. Can anybody find any poetic justice in this story?

## Satisfaction Surveys - RIP

Such surveys have long been popular with the people who sell them, but for everybody else, they're a pain in the neck. One of the leading exponents of Satisfaction Surveys has now decided that the ultimate question is "Will the customer recommend you to a friend?" Again, this is all very well, but what you really want is for that person to go the whole hog and actually recommend you to a friend. In other words, you need a Referral System =>

[david@chrisduckett.co.uk](mailto:david@chrisduckett.co.uk)

## Back to company cars?

The Revenue's Fixed Profit Car Scheme (FPCS) has kept the mileage rate at 40p per mile (for the first 10,000 miles; then 25p) for quite some time. With the rise in fuel prices, the cost of most executive cars is now of the order of 60p per mile. So, a stampede back into company cars is a least a possibility. In practice, there is a big delay before the benefit gets coded out, so it's usually a nasty shock when the tax catches up with you.

## Identity theft

As the Newsletter has previously reported, it's very easy to hijack a company because Companies House doesn't actually validate any of the information sent to it. This situation may improve (but I doubt it) once information is submitted electronically. The profession has now been outraged as the fraudsters have had the temerity to use the identity of a Big 4 partner. They obviously don't appreciate the true importance of such individuals. Government has historically treated corporate fraud as somebody else's problem – a civil rather than a criminal issue. Apparently, attitudes are changing as fraudsters have been linked to terrorism. However, don't expect help any time soon.

[www.insiderbusinessclub.com](http://www.insiderbusinessclub.com)

## Deadline warning - P11ds

Due by 5<sup>th</sup> July 2006. These are the forms that report employee benefits and cause huge amounts of angst, particularly if something/somebody gets missed off. If somebody has a taxable benefit, not only do they pay tax, the employer also gets to pay Class 1A NI at 12.9% on 19<sup>th</sup> July. This is a random fact; you cannot work it out from first principals.

## VAT on fuel

The rules have been backwards and forwards to Brussels. It now appears that you need a valid VAT receipt to be able to claim back VAT on mileage claims. Even though the 2 events are not related. Sparkle can clarify.

## This time it's personal

Sparkle recently came back, full of doom and gloom, from a lecture on the new construction industry scheme: the very same scheme that has been delayed until next April. As usual, it is simply too complex to work. So, why is the Revenue so determined to clamp down on builders?

- Back in the mists of time (while I was still at school), before Bernard Hill became King Theoden, he was better known for playing Yosser in Boys from the Blackstuff. Construction was the black economy.
- Sometime in the early 80s (I think), the Revenue thought they would set some examples. The result was that huge amounts of tax were relocated to Southern Ireland amidst equally huge levels of embarrassment. A forerunner of EU largesse?
- This prompted the introduction of subcontractor certificates. However, as there was no photo on the cards, they were routinely traded in the pub.
- By the mid 90s (I can remember this), the Revenue was determined to sort out construction. Hence, the Construction Industry Scheme with net and gross certificates and the belief that all subcontractors are really employees. I guess about two thirds of employers played the game and put employees on the books. The remaining third ignored the rules and carried on as before.
- So, from next April, the new scheme comes in and I suspect the usual suspects will try to ignore the rules again, particularly as the systems won't work properly. And anyway, the whole industry is allergic to paperwork. Arguably, the Revenue is setting up smaller businesses to fail, but who gets away with what remains to be seen.

Having set the scene (historically speaking), Sparkle wants me to point out that contractors need to keep up to date with PAYE payments and file

everything they should on time or their gross certificates will be taken away. This would cause a huge cash flow problem. Furthermore, the Revenue has developed a web driven "Status checklist" to decide whether somebody is an employee or a subcontractor. We have a similar checklist, only ours will give the right answer.

## Legalised protectionism?

I know I go on about the Revenue's inability to understand the outside world, but I feel they have outdone themselves with 2 recent issues:

- The rules oblige those involved in (legitimate) tax planning to get the details of schemes cleared by the Revenue in advance. On the relevant tax return (of a taxpayer undertaking one of these schemes), you simply refer to the reference number of the scheme. The result is that if too many people use a given scheme, the Revenue brings in legislation to stop it. The next step has been to attempt to bribe firms
- to not recommend that clients undertake tax planning (carrot).
- Allegedly, the Revenue has stopped the Big 4 from doing this sort of thing by suggesting that they might struggle to win Public Sector audit work if they misbehave (stick).

The reality is that only those with serious amounts of money go in for such schemes. They will simply move elsewhere, taking their money with them, if it gets too hot here. Where does that leave the vast majority who simply arrange their affairs to pay the minimum tax?

## Disclaimer

Whilst this Newsletter always comes with a disclaimer, reports from the Institute suggest that we should be ever more vigilant about actually expressing an opinion (of any sort). We are struggling with this concept and have come up with the following:

"The information in this report is prepared by grown ups for grown ups who are happy to take responsibility for their own actions. If you are unhappy with this concept, we can recommend another firm who will not concern themselves with value creation, but be frighteningly accurate in producing information for the taxman and other wealth distribution organisations."

Do you think that's what the Institute had in mind?

## The happy actuary

The accolade "Tax Personality of the Year" (an oxymoron if ever there was one) was awarded to Geoff & Diana Jones for their Arctic Systems battle against the Revenue. If we're talking oxymorons, how about:

- The honest estate agent
- The quick solicitor
- The optimistic accountant (but it will go wrong)
- The certain tax planner?

Any other ideas? Maybe even another prize (no solicitors).

## Disclaimer

Top chat up line: "I suffer from amnesia. Do I come here often?"  
Do you think this will work with new clients?



## Chris Duckett Limited

Network House , Thorn  
Office Centre  
Rotherwas  
Hereford  
HR2 6JT



Telephone 01432 370 572

Email: [clients@chrisduckett.co.uk](mailto:clients@chrisduckett.co.uk)

Website [www.chrisduckett.co.uk](http://www.chrisduckett.co.uk)