

GRANGE

NEWS

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www.grangeaccounts.com

HMRC clamps down on Tax Exiles

Her Majesty's Revenue's and Customs (HMRC) are set to put greater scrutiny on tax exiles, after it's crackdown was vindicated by the Court of Appeal last month.

They refused an appeal in a long-running case involving a businessman who sought an appeal on the Revenue's ruling that he was still a UK resident despite moving to the Seychelles in 1976.

The man concerned owns a large estate in Oxfordshire where he keeps his collection of paintings, classic cars and guns, leading HMRC to rule that he had not "severed his social and family ties with the UK".

This is the latest blow for tax exiles who previously were able to retain strong links with the country without becoming resident.

The cases ranged from lorry drivers working abroad through to "Monaco Millionaires" who used to fly in to Britain to work several days every week and avoid the highest tax band by doing so.

The Revenue tightened the rules during 2009 and issued new guidelines that drew on "pattern of lifestyle" when determining UK residency.

Many people had previously believed that spending less than 91 days a year in the UK determined whether or not you treated as a UK resident, but this has never been enough on it's own to determine residency.

The new ruling will lead to many tax exiles re-assessing their life style if they wish to claim non-residency of the UK.

The rules concerning residency go back to Victorian times and are complex, and sometimes confusing, leading many to question whether tax exiles may have to cut all ties to the UK in future for their status to stand up in court.

On the plus side for people working abroad the judgement did clarify the tax treatment of employees and found that they were not required to cut family or social ties with the UK.

If you would like any advice regarding your tax situation please give Grange Accounts a call on 01474 325888.

Over 55's not saving for retirement

A recent survey has found that almost half of those approaching retirement age are failing to save any money each month.

Equally worryingly around one fifth of those surveyed owed more than £75000 on their mortgage.

The report was released by insurers Aviva following a survey of 1200 consumers in the three ages of retirement, classified as 55-64, 65-74 and 75 and over.

The 55-64 age group had average savings of £8400 and around 40 per cent were failing to save anything on a monthly basis.

Only 76 per cent owned their own homes compared to 84 per cent of 65-74 year olds and 81 per cent of the over 75's.

The report also found out that many couples may be missing out on thousands of pounds by not having joint annuities.

A joint annuity does not end with the death of an individual, but passes to the spouse or other living beneficiaries.

Grange Accounts

10 Stone Street, Gravesend, Kent, DA11 0NH.

Telephone: 01474 325888

Fax: 01474 320605

E mail: info@grangeaccounts.com

Pensioners Given Wrong Tax Codes by HMRC

A new computer system at HM Revenues & Customs has lead to thousands of pensioners being sent the wrong tax codes.

HMRC have warned that some individuals who have started to claim their pension during 2009/10 have been given the wrong code, leading to them paying too much or too little tax.

Married couples and civil partners aged 76 and over could also have lost their married couples allowance, which is worth up to £6965 in the current year.

The problem has been caused by the system which combines people's National Insurance contributions and Pay As You Earn details for the first time.

In some cases the system has not been able to separate information on people leaving jobs. This has meant that those who have left a job and started drawing a pension are being treated as though they have two income streams. The problem has also affected those with two jobs or people who have changed jobs in the past few years.

HMRC have assured people that they are working on fixing the system and that no one, ultimately, will lose out.

If anyone has any concerns about the accuracy of their coding notice they can contact HMRC for a review of their coding.

You can also give us a call if you have any concerns over a recent coding on 01474 325888.

Useful phone numbers

Grange Accounts	01474 325888
HMRC Business Support	0845 302 1435
Nat Insurance Number Tracing	0845 915 8948
Dept of Work and Pensions Contact Centre	0845 600 0643
Companies House	0870 333 6363

Boiler Scrappage Scheme Vouchers - Do you Qualify?

Over half of the vouchers in the Government's boiler scrappage scheme remain unclaimed, with 70000 still up for grabs.

The scheme was launched in January to upgrade 125000 domestic heating systems, helping to cut carbon emissions, reduce household bills and provide work within the heating industry.

Over 54000 vouchers have been claimed, but there are still 70000, worth around £28 million pounds still available for individuals.

The major energy companies have matched the offer, which potentially gives householders £800 off the cost of a new efficient boiler, with some manufacturing companies also offering deals of their own.

It is claimed that the scheme can save around £200 per year on heating bills and reduce emissions.

The voucher is only redeemable when you have had the boiler installed and paid for it.

After the announcement of the scheme the Energy Saving Trust were receiving 24000 call a day, around ten times the norm, but this has now come down to around 5000.

If you think you may be eligible for the scheme you should visit www.energysavingtrust.org.uk to register.

BACS payments to Grange Accounts

Grange Accounts offer our clients the convenience of paying by BACS.

You can make your payments online, saving you time and making payment quick, simple and efficient.

Our details are as follows:

Sort Code: 30-93-60 Account No: 01384199

Thank you for reading the March edition of Grange Accounts' newsletter.

With all of us looking to reduce costs at home and in business we have included an article on the boiler scrappage scheme this month.

The news that some tax codes have been wrongly allocated by HMRC's new computer system may be of concern to some of you.

If you have any concerns you can give us a call for advice regarding your coding.

March is budget month, and April will contain all the vital statistics from the Chancellors brief case.

**Tina Barnett
Accountant**