

Autumn 2012  
Financial and business intelligence

# The only way is ethics

**From catwalk to tax talk, ethical debate takes centre stage**

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# New routes to finance

As new sources of business funding emerge, we ask: who needs banks anyway?

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# Rocking all over the world

Will export-led growth be the UK's economic saviour?

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Doing business: The Chinese way  
Residential property: Using trusts to help your children

News and views

## The Chinese way

An insight into doing business in China

While the Chinese Government's procedures have improved a lot in past decades, they are still inefficient and arbitrary. Investors need to be prepared to cope with delays and unexpected changes in requirements.

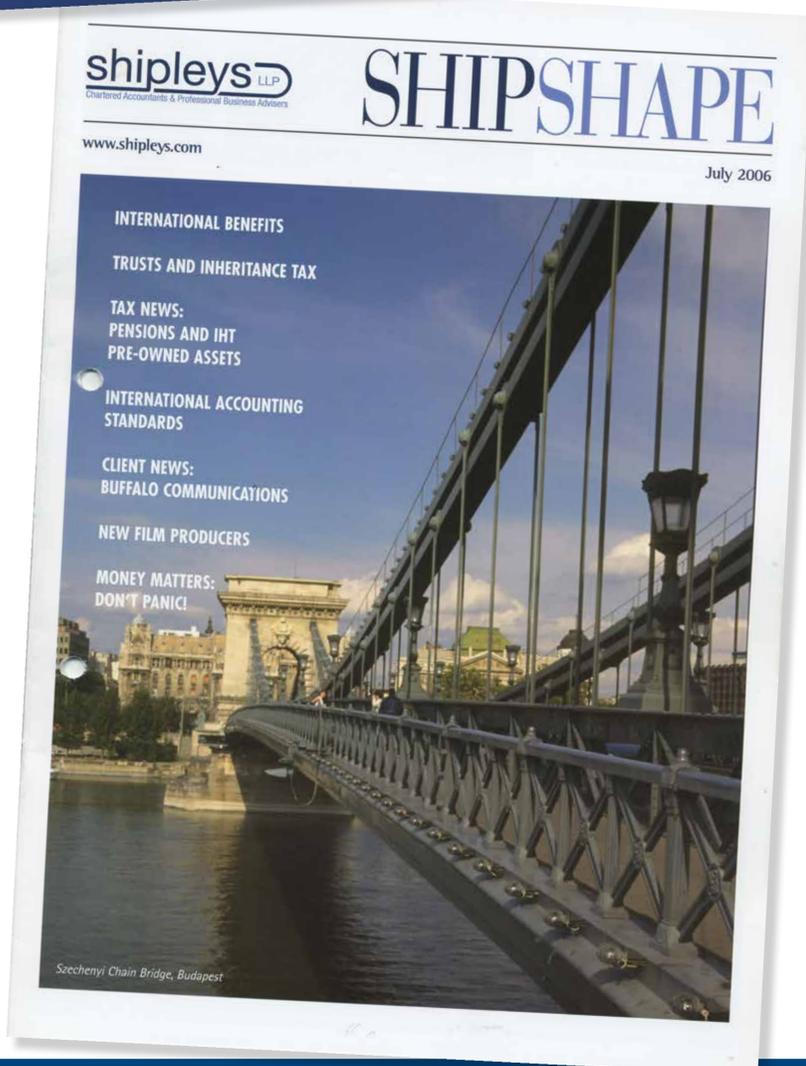
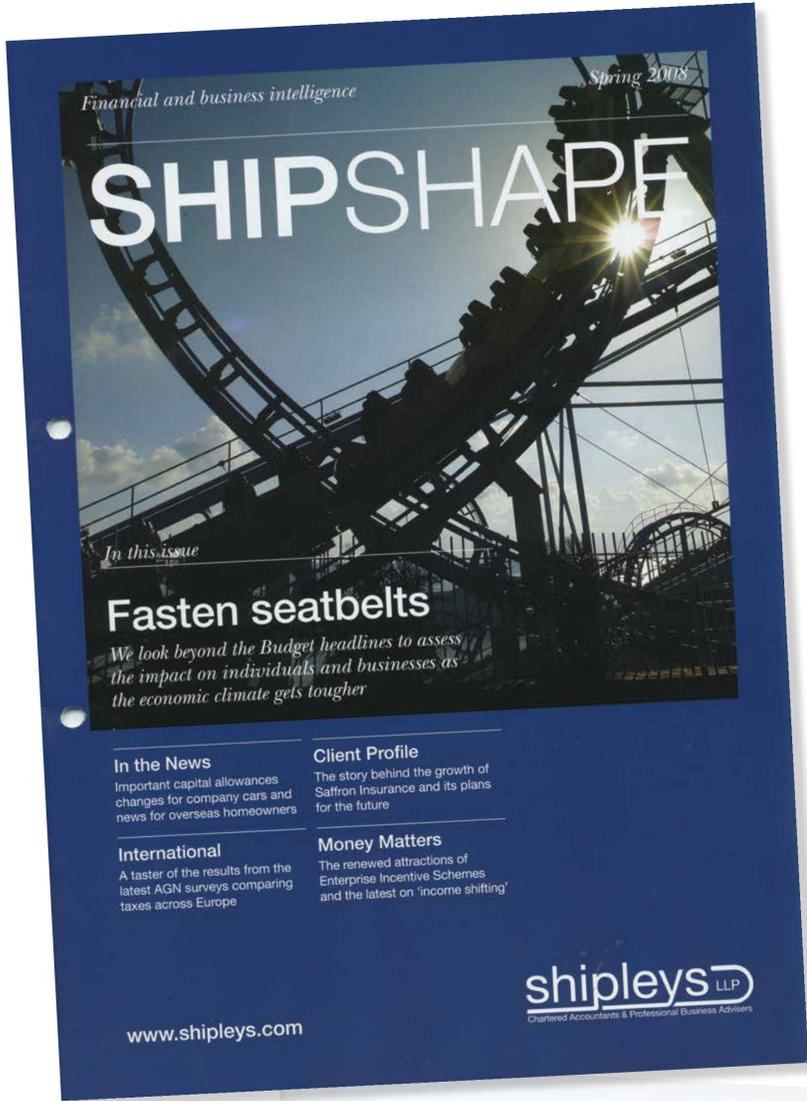
Payments must be linked to performance. Typically, 30% is paid upfront, with 40% on passing quality control inspection and 30% on receipt and final inspection.

Buying and manufacturing - some common mistakes

Identifying, avoiding and overcoming the many challenges of doing business successfully in China requires careful planning, probably with input from someone with plenty of local experience.

AGN International is a worldwide association of separate and independent accounting and consulting firms. It has more than 200 member firms with almost 6,000 offices in about 100 countries.

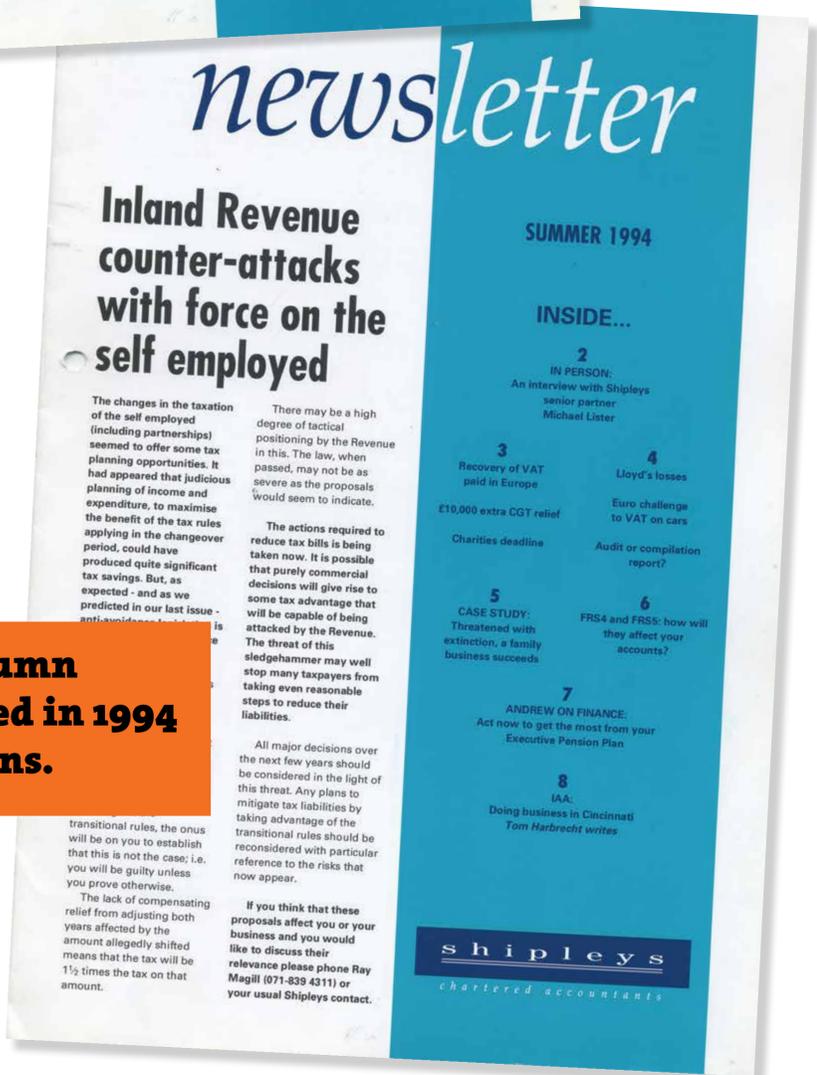
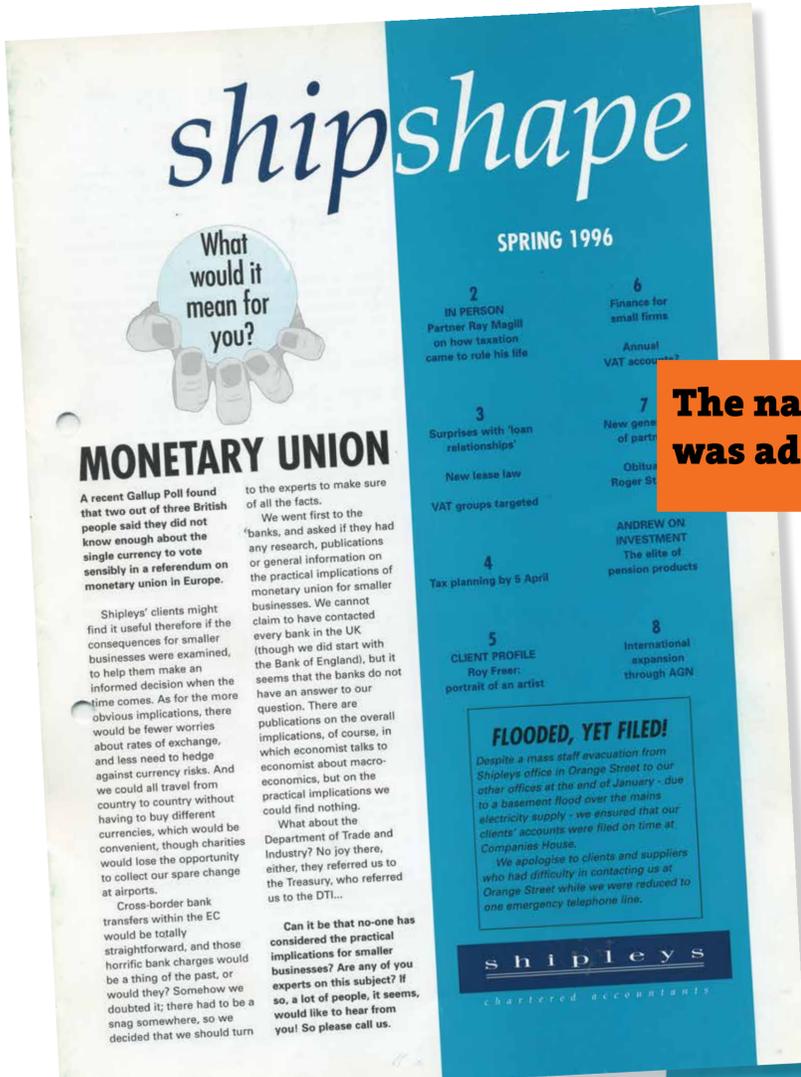
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# Shipshapes through the years

Spring 1996 & Summer 1994 updates



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# newsletter

MARCH 1994

## NEW 'CURRENT YEAR' ASSESSMENT

### TAXATION AND THE SELF-EMPLOYED

The 1994 Finance Bill gives the first sight of the draft legislation for the new current year basis for the self-employed; the switch to taxing profits of the year rather than those of the year ending in the preceding tax year.

Apart from the probable changes before the Finance Bill becomes law, further provisions are to be included in the Finance Act 1995, at least. So comments may be premature. Even so, some firmer outline can be discerned than when the proposals were merely a consultative document.

**One anxiety removed**

The good news is that the relief for double taxation is not to be tapered off. The Inland Revenue has been persuaded that it can record the figure of profit taxed twice until a trader dies or retires, which would be when the double taxation would mainly be felt. This removes a major anxiety.

For those commencing to trade after 5 April 1994, and for new sources of untaxed investment income arising after that date, the new current year system is to be introduced from 1994/95 onwards. For others, including existing sources of untaxed income assessed on the 'preceding year basis', it will not apply until 1996/97, and for 1996/97 the assessment on trading profits, for example, will effectively be on the annual average of those in the period between that ending in 1994/95 and that ending in 1997/98.

Generally, only half of any profit falling in that transitional period is taxed. It follows that it is preferable for profit to arise in that period rather than the surrounding periods. The transitional period when maximum profits are desirable, for those assessed on the 'preceding year basis', follows the first accounting year-end after 5 April 1994. For traders whose annual accounting date is 30 April, this means 1 May 1994. For those with December accounting dates, it means 1 January 1995. We are told, however, that anti-avoidance legislation will be introduced - but perhaps not until the Finance Act 1995 - to counter action designed to take advantage of this quirk. It remains to be seen how such a provision could work.

For a trader whose accounts go to 30 April annually, the 1997/98 assessment will be based on the profits for the year ending 30 April 1997 instead of, as it would be under the current system, the year ending 30 April 1996.

Although this appears to accelerate the tax liability by a year, there will still be only one tax liability each year. It is true that, if profits are rising, and leaving aside changes in tax rates and allowances, the tax payable will be more than it would have been under the existing system, for 1997/98 and later years.

If you would like to discuss this in greater detail speak to your usual contact partner or either Ray Magill or Steven Jeffcott.

### How will the 1994/95 tax increases affect YOU?

To brace ourselves for what has been billed as "the biggest peacetime tax increase ever", thoughts inevitably turn towards next month, when the Chancellor's measures begin to bite.

The extra tax burden is more about reduced reliefs than straightforward increases, with further cuts in relief to come in April 1995.

To find out how you will be affected, study the checklist on page 2.

**End of year review**

As we draw towards the end of the 1993/94 tax year, there are a number of measures to be considered for minimising liabilities. Action points for an end of year tax planning review are itemised on page 3.

**Car/fuel benefits**

If you run a company car, are your car and fuel benefits tax efficient? You can check this quite easily from the evaluation template on page 5.

**INSIDE**

- 1994/95 tax checklist
- Hedging against interest rate fluctuations
- End of year tax review
- CGT Indexation calculator
- Rent-a-room
- VAT Update: paying domestic fuel
- PAYE visit rehearsal?
- Q & A
- Car/fuel benefits evaluation
- NIC on benefits in kind
- Andrew on Finance: control your pension fund on retirement!
- International: IAA

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NOVEMBER 1993

## 1993 AND ALL THAT

**STOP PRESS**

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## TAX ON DIVIDENDS WILL THE INCREASES AFFECT SHARE PRICES?

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# Shipleys Blackburn NEWSLETTER

August 1990

The Chancellor's Budget proposals have now become a Finance Act, after the usual plethora of amendments and additions. No major novelty has appeared this year since the Budget, but a number of detailed changes have been made to the initial Finance Bill clauses and some small loopholes plugged almost before they became apparent.

In this edition of our Newsletter we have covered the main changes made to the Budget proposals and a number of other topical items, including medical insurance, stock dividends, car mileage payments, capital gains tax re-basing at March 1982, VAT on transitional rents and wives' tax returns.

If you want more detailed information on any matter mentioned in the Newsletter please get in touch with your usual contact partner at Shipleys Blackburn.

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