

h CORRESPONDENT

SUMMER 2005

THE CLIENT UPDATE FROM HARBINSON MULHOLLAND

HOW YOU CAN BALANCE YOUR LIFE BETWEEN WORKING AND LIVING

Within the working world of the 21st century, technology and advances in communications have evolved for the purpose of making your life easier. Or so you believed! According to recent statistics, this is not what is happening.

Modern living puts a great variety of demands on society and with these developments come the need for people to change and learn how to incorporate these changes into their everyday life but...in the best way possible for them!

People in the UK are now working longer hours than they did a decade ago and longer hours than anywhere else in Europe. It seems that the more advanced technology becomes, the less time we actually have to ourselves.

As a country, we also have become so caught up in the electronic way of doing things that there has become less and less social interaction with our fellow human beings.

Technology such as emails are a cheap, efficient way of communicating with colleagues and others, but you should not make the mistake of comparing the effectiveness of this method of communication as being of the same value as talking to someone on the telephone or even better, face to face.

Problems arise when the context of messages is lost on email and texts, so ensure you make time once in a while to talk face to face with your clients as well as your family and friends!

Only with social interactivity can you discover your true potential!

Research has shown that by having time away from the coal face of your business and your working life, you are more productive at work than those who let their work take over their life.

Time out from the stresses of the daily grind of business allows creativity and innovation to flourish as you are able to look at things from a fresh perspective. Remember at school, when you were studying for exams, teachers would tell you to take regular breaks to allow the brain to rest and re-start feeling fresher, it is the same with working.

Top five tips for Balancing Work and Family Life

1. Learn to say 'No'

You cannot be all things to all people.

2. Get the most out of technology.

Ensure it works for you rather than against you. For example, ensure junk mail is blocked on your email to save you the time of opening and checking for

yourself every time something comes through.

3. Create time for yourself.

Find ways to relax, relieve tension and anxiety and minimise stress. Take up a sport or a new hobby or spend more time with family and friends.

4. Be flexible.

Don't get bogged down by rigid timeframes. If it is your child's sports day, take a few hours off work using the overtime you have accumulated and go watch your child at the school's

sports day or the school play.

5. Get organised.

You need to learn how to manage your time effectively. Before leaving work each evening, make a list of things to do so you are not wasting time the next morning.

Manage your time effectively, and use technology to your advantage and your life will become enriched as you begin to enjoy living rather than living to work!



PEOPLE IN FOCUS

Name:

Joan Rice

Role:

Corporate Reconstruction manager in Harbinson Mulholland specialising in both personal and corporate insolvency matters, Joan provides business rescue and insolvency advice to businesses of all sizes.

Qualifications & Experience:

Joan qualified as an accountant in 1986 with Price Waterhouse. She joined the firm from her previous role as the accountant for the Law Society of Northern Ireland in which she gained significant experience of the regulatory framework governing legal practices in the province. She has also over 12 years experience of providing specialist insolvency advice in business rescue situations.

Outside work:

Joan is married with 3 children and enjoys spending family holidays in Donegal..

Contact Details:

jrice@harbinson-mulholland.com



Will the Strategic Planning Toolkit work for you?

It worked for the following businesses!

The testimonials below are unsolicited responses from a few of the companies who have experienced the strategic planning day with Harbinson Mulholland. The good news is that you can experience this without any risk. We only ask you to

pay us what you think the initial SPT day is worth!

If you would like to experience what this can do for you and your business, contact Carson Mulholland on 028 9044 5100 or email cmulholland@harbinson-mulholland.com

Johnston Campbell Partnership – Malcolm Johnston

“At the outset of a new venture, we needed clarity and goals. The strategic planning day identified areas for profit growth.”

Kall Kwik – Gary White

“The strategic planning day helped our team to clarify thinking and to develop a clear strategy. We identified our unique selling points and have developed a strategy based on our uniqueness in the market place. As a result, we have experienced strong growth in the current year. I would have no hesitation in recommending the day.”

Fitzsimons Kinney Mallon Solicitors– Martin Mallon

“A great day critical to the future of our practice. The strategic planning day has given us a renewed impetus for moving forward.”

Tax Implications of Dispute Claims



Tax Partner, Brendan McGuckin.

A dispute is "a disagreement or argument about something important" or it can also be defined as simply "coming into conflict with someone."

When dealing with a dispute claim, there are a number of issues you have to take into consideration. One of the most important considerations is also the most overlooked - the tax implications in dispute claims. Your lawyer and forensic accountant must ensure that they take into account the impact of tax on an award because if overlooked, the taxman could be awarded a significant chunk of your settlement.

Tax Issues to Consider In Disputes/other Claims

Just as tax issues play a critical role in a well planned business transaction, meaningful decision making in litigation also requires an analysis of the tax implications.

Divorce

1. Capital Gains Tax when transferring assets between spouses as part of a divorce settlement – capital gains tax may be due if the transfer takes place after 5 April in the year of separation, so agree the division of assets as soon as possible.

2. Capital Gains Tax when assets are to be sold to fund a settlement – assets sold to raise funds can trigger capital gains tax. Also, though the principal private residence is normally exempt, a charge can arise if the property has been used for business purposes or one spouse has been living elsewhere for some time.

3. Cost of repaying borrowings to fund a settlement – note that interest paid on borrowings to meet a divorce settlement will not attract tax relief so the cost of settlement can be appreciably more than anticipated.

Personal/Fatal Accidents

4. Tax and NIC deductions when calculating a personal/ fatal accident claim - the gross amount of damages

claimed must be reduced to take into account the plaintiff's tax liability.

Commercial Disputes / Breach of Contract

5. You cannot assume that compensation on all types of claims are exempt from income/ corporation tax – compensation for personal injury is tax free, however, compensation for loss of income/ profits/ reimbursed expenses in all other types of litigation is generally subject to income/ corporation tax.

6. Failing to clearly differentiate a loss of profit from a diminution of value of business – in a breach of contract/ professional negligence or commercial dispute. As different taxes may be involved, it is vital that any such award clearly distinguishes the element which is for loss of profit from diminution of value.

Wrongful Dismissal

7. Remember tax on large awards for wrongful dismissal – the first £30,000 may be exempt from tax in a wrongful dismissal case but amounts in excess of this are normally taxable.

8. Remember that interest on compensation is taxable – interest paid on compensation or included as a separate part of a damages claim is taxable as income.

Will disputes

9. Remember tax on estates over £275,000 when you die - many people die without a will, which can sometimes lead to difficulties and family disputes. By making a will, you can ensure that your estate is being dealt with by people you trust and you can ensure that proper provision is made for those people you need to look after.

Inheritance tax should be paid on estates over £275,000 in value. This is not considered a lot of money nowadays. With house values escalating over the last ten years, it is becoming likely that you will have an estate equal to this value when your day comes.

If you do not plan ahead, you will pay tax at a rate of 40% if your estate is valued at over £275,000. However, if you start planning early enough, you can save you and your loved ones a considerable amount of money. After all, you would rather your family inherit your money than the taxman??!

Do not simply assume that tax does not apply to your case as the law in relation to tax on damages is extremely complex.

The list above is merely intended to highlight areas for you to watch out for and is obviously not a substitute for proper professional advice in relation to any specific case.

The Harbinson Mulholland Forensic Accounting and Tax teams can advise you on the impact of tax on any particular case. Contact Brendan McGuckin today on 028 9044 5100 or email bmcguckin@harbinson-mulholland.com to discuss the potential tax traps you may be unaware of when it comes to dealing with claims.

TAX TIPS FOR YOU

Tax efficient savings for children

Available from 5 April 2005, The Child Trust Fund is a new savings and investment vehicle for children born on or after 1st September 2002 who have had child benefit awarded for them. When child benefit has been awarded, the Government will issue a voucher for £250 which can be used to open the Trust Fund.

A total of £1,200 per year may be contributed to the fund by parents, family and friends. Any income or gains arising within the fund will be exempt from tax. Upon reaching the age of 18, the fund will belong to the child and the child will be the only person free to access the fund. The above tip details a tax incentive that may not be suitable for everyone.

Submit your VAT returns online

Businesses can now register to submit

their VAT returns online at www.hmrc.gov.uk. Businesses who opt to pay their VAT liability by direct debit in addition to submitting the VAT return online, will receive a 7 calendar day extension to the due filing date of the return. Payment of the VAT liability will be collected by direct debit 3 working days after the filing date of the return. The facility for paying by direct debit is not available to businesses who operate the annual accounting scheme or who are required to make payments on account.

Enhanced capital allowances

Now that the rate of first year allowances stands at 40% for small and medium sized businesses, it is worthwhile noting that there remains an enhanced rate of capital allowance of 100% on the acquisition of certain items of plant and machinery used for business purposes.

The enhanced rate of capital allowance is available on the purchase of new cars

with low CO2 emissions (emissions of not more than 120gm per kilometre or an electric car) and also on new energy-saving plant or machinery.

Some of the main categories of qualifying energy-saving plant or machinery include:

- Boilers
- Lighting
- Motors
- Variable speed drives
- Refrigeration equipment
- Air heaters, radiant and warm heat pumps and compact heat exchangers.

A list of all the categories of qualifying expenditure is available at www.eca.gov.uk, together with the energy technology list which businesses can use to confirm whether a specific item of plant or machinery qualifies for enhanced capital allowances.

Where the web

Useful websites for tax tips and tax issues:

- www.taxationweb.co.uk
A free database of UK tax information on capital gains tax, property tax and inheritance tax issues for accountants and the general public.
- www.accountingweb.co.uk/tax
A leading UK online resource for tax advisors. Tax news, analysis, tax tools and resources.
- www.inlandrevenue.gov.uk
The Inland Revenue website is a detailed government website with information on all aspects of UK taxation, together with advice and detailed summaries of the majority of tax situations experienced by taxpayers.

ATTENTION ALL SAGE USERS!!

UPGRADE NOW BEFORE IT'S TOO LATE! (and more expensive!!)

From 31 July 2005, Sage Line 50 versions 4 – 7 and Instant Accounts versions 4 – 6 will be removed from the Sage valid range of software.

After this date, there will be NO new SageCover support for these products. They will no longer provide upgrade pricing. As a result, Sage is offering a number of advantageous upgrade offers over the next couple of months.

For more information on how to upgrade before it's too late, contact Blaithin Surgeoner on 028 9044 5100.

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