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The Newsletter of Lubbock Fine Spring 2007



And Martin makes three...



Martin Sans.

"We are delighted to announce the appointment of Martin Sans as a tax partner" said Lubbock Fine managing partner, Geoff Goodyear. "This brings our recent new partner appointments to three and serves to further strengthen the depth and quality of service we are able to offer our clients."

With experience originally gained with the Inland Revenue, Martin moved into private practice by joining a top 15 firm where, as group tax manager, he headed the London business tax practice, developing his expertise in primarily advising entrepreneurial owner/managed businesses. He left in 1993 to form

The Tax Practice. Ten years later in 2003, he merged with his last firm where he became tax partner (private client tax) with primary responsibility for the delivery of tax solutions and financial planning advice to high net worth individuals and the SME sector. Martin has always found that working with clients who are responsible for their own futures gives him great satisfaction and that the "personal touch" is viewed as invaluable.

"I have always taken the view that managing personal finances efficiently involves more than simply completing tax returns on time; submitting the mandatory paperwork to ensure compliance is only the starting point. For high net worth individuals the next step is to optimise retained family wealth. This requires minimising income tax and capital gains tax liabilities, effective estate planning for inheritance tax and sound independent financial advice" In this way any assets realised are realised at the lowest tax cost to help clients maximise their financial base and achieve their long-term goals.

As a result of close relationships formed with his clients Martin is also sometimes asked to act as Executor or to hold joint power of attorney for his clients.

Martin is married to Melanie, a teacher. They have two children, one at University, the other currently working on charity assignments in Africa. He lives in North London from where he has easy access to indulging his other (non-tax based) passion for the arts. ●

A new face to head up Lubbock Fine Financial Solutions



Neville Pereira.

We are pleased to announce the appointment of Neville Pereira as head of Lubbock Fine Financial Solutions, our financial services arm.

Lubbock Fine Financial Solutions was established last year as an independent business authorised to conduct investment business, including pension, life assurance, personal and financial corporate planning.

Our own plans to improve the services that we offer in this area are now complete with Neville's appointment.

He has over 20 years' experience in the financial services industry and is a qualified independent financial adviser. His experience is particularly relevant to our firm as his background is working within firms of accountants. Neville will bring a much needed skills set to the spectrum of services that our firm offers to clients.

"I am particularly excited about working with Lubbock Fine clients and I believe I can add value and expand the firm's expertise" he said.

"We live in fast changing times and personal financial planning needs to be under regular review. 'A Day' 6 April 2006 was nearly a year ago and changed the pension landscape beyond recognition but already the Chancellor was making far reaching changes.

The rules on the position post age 75 will compel people to purchase an annuity or alternatively face a penal tax charge. Therefore it is important that clients seek advice on this now."

"Another subject that affects an increasing number of clients is being caught by the inheritance tax trap. For example, historically life assurance policies written in trust did not create an IHT charge, now they may give rise to one! So again, advice is important to allow clients to plan accordingly."

"Finally, clients need to review their asset allocation position in line with current volatile markets as due to recent rises in interest rates very attractive rates of return can be achieved, with limited risk. In some cases therefore cash can be king."

"For corporate clients, the process is similar, although often slightly more complex, with the aim of reviewing and recommending appropriate corporate investments, tax shelters, along with shareholder and key person protection."

Lubbock Fine managing partner Geoff Goodyear said, "Our ability to offer professional financial services advice has taken a major leap forward. Along with the business advisory service we already provide to our clients, this capability delivers a significant benefit in ensuring that all financial matters are dealt with in a complementary and comprehensive manner. Neville has quickly established himself as an invaluable and energetic member of the team and we look forward to a long and fruitful association with him."

With four young children and the demands of work, Neville claims that free time is at a premium, although, in the past, he was a keen rugby player and cricketer. "I love my work," he said, "but in another life, if I could do anything in the world, I'd like to be an international cricketer, travelling the world playing test matches - on the winning side!"

For further information on LFFS, please speak to your contact partner or to Neville directly on 020 7490 7766 or email nevillepereira@lffs.co.uk ●

Client Profile

Caro Communications



Julienne Webster & Carolyn Larkin.

Lubbock Fine client, Caro Communications, is a specialist public relations consultancy representing architects, artists, designers, manufacturers and retailers.

They chose Lubbock Fine on the recommendation of 'incredibly successful friends'. "I have been a client of Lubbock Fine for the last eighteen years and when Carolyn and I joined forces, she was impressed by what she saw in the firm. We find the tremendous nurturing and advising we receive is crucial to our business" said director, Julieanne Webster. "The people we deal with are the voices of commercial sanity. We receive a very personal service with the added security of a large firm of experts at our disposal. A truly safe pair of hands, with the ability to answer questions in simple language rapidly, enables us to make informed business decisions."

Lubbock Fine partner Russell Rich added: "As well as being a first class PR consultancy, Caro is a first class client of the firm. They continue to grow and develop and we have now helped to re-structure their business for commercial expediency and to maximise tax advantages."

Established in 1990 by Carolyn Larkin, she and co-director Julieanne now run the business together. They met as freelance public relations consultants and were brought together through mutual clients who were collaborating on an event in the late 1980's. Carolyn's training was in-house whilst Julieanne had trained as a journalist. From the time of that initial collaboration they kept in touch, often helping each other out on projects before eventually joining forces. With something approaching forty years experience between them in the art and architecture arena, they are now well known and highly successful in their field. Both agree that PR is a discipline that can be applied to any business and, as Caro's business is to sell their clients' talent, expertise and achievements, they could not do so unless it was something they believe in. Architecture, design and art are their passion.

Caro defines PR as a 'tool' of marketing just like a brochure, or advertisement. However, unlike advertising it is a third party endorsement and, in many cases, can be more powerful. Public Relations is all about managing a client's profile and reputation.

The consultancy works by initiating and developing publicity ideas for trade, technical, consumer, national and selected international press, only approaching the media with information they believe to be relevant, current and of genuine interest. Press coverage is achieved through issuing press releases, arranging meetings and interviews, negotiating features and placing technical articles.

To do all of this they build client relationships through regular, confidential access to client projects and product developments from 'cradle to grave', in



The Savill Building, Windsor Great Park by Caro Communications client Glenn Howells Architects.

order to pursue the best possible route to place information in front of potential clients, peers and the public via a variety of media.

"It is important to follow a process in order to define proposals to clients" said Julieanne. "Broadly speaking, we identify opportunities or problems then ensure that we work closely with the client to generate appropriate and creative strategic solutions."

News stories are always selected carefully as any credibility factor can be greatly reduced by either releasing items that are not news, or issuing too much information too frequently. They do not advocate pushing out non-news press information for the sake of it.

"Julienne and I enjoy working together and have a mutual respect" continued Carolyn. "We are also both working mothers which can be difficult. As a mother I have always involved my children in my work so there is no mystery, they also know that I am there for them any time of day. So I would like to think they have an appreciation of my need to work without sacrificing their needs. My husband is in business too which can be challenging; there is always a time when we are in competition about who has had the worst day."

"We both agree that good holidays are the answer, to regroup" added Julieanne. "Children are a great leveler so it is possible to switch off when home."

Caro's clients range from large architectural practices to small, independent manufacturers. They are employed either to work on one off projects or longer term profile raising. Strategies are initiated and developed by acting as the client's press office, approaching the media with information judged to be relevant, newsworthy and interesting. Excellent relations with journalists across the entire media spectrum including consumer and trade press at

local, national and international levels and with broadcasters and web based media are fundamental to this work.

Both Carolyn and Julieanne say that whilst they love winning new business in a pitch against very large agencies, they believe that success can be measured in different ways. Achieving broad quality coverage is, in many ways, far more satisfying than the business wins.

Their business aim for the future is to continue building a good ship, sharing their values to enable others to step into their shoes, allowing them to look into new and complementary sectors.

"Many smaller businesses are so busy working 'in' their business that they forget to work 'on' their business" said Russell Rich. "Caro is very conscious of continuing to develop into new, uncharted territory, keeping that crucial one step ahead and looking to plan for their succession. This is critical to success in any service based business".

"As a last word" said Carolyn, "I am sometimes asked what advice I would give to someone wanting to go into public relations. The best I can offer is – to be committed, be knowledgeable and be honest".

www.carocommunications.com
contact: 020 73368488 ●



100% Design at Earls Court – The UK's largest design show, part of Reed Exhibitions.



The Gateshead Millennium Bridge by Caro Communications client Wilkinson Eyre Architects.

Tax News

Tax Residence

The general press has been devoting substantial column inches to a recent tax case before the Special Commissioners concerning the tax residence status of Mr Gaines-Cooper.

The reported case was extremely detailed, down to the fact that Mrs Gaines-Cooper drove a yellow mini, and it is beyond the scope of this article to cover all the relevant facts. Instead the article will consider the impact on one of the key factors usually considered in determining if an individual is UK resident, namely, how to calculate how many days an individual spent in the UK in any tax year.

Briefly, Mr Gaines-Cooper was born in England in the 1930's and was brought up in England. After running several businesses in the UK in the 50's and 60's, he left England, initially spending approximately seven years in California before moving on to the Seychelles. In the intervening years, Mr Gaines-Cooper spent time in the Seychelles, England and elsewhere. The proportion of time in each jurisdiction varied significantly year on year.

Mr Gaines-Cooper claimed to be non-resident in the UK, by virtue, amongst other factors, of the day counting procedure outlined in IR20. HM Revenue & Customs (HMRC) contested this as they considered that Mr Gaines-Cooper remained UK resident.

When considering whether an individual is UK resident, a reasonable starting point might be to consider HMRC's published guidance, which in this case takes the form of its booklet known as IR20. However, this is merely HMRC's interpretation and does not form the basis of tax law. Accordingly the Special Commissioners confirmed they cannot rely on the guidance contained in IR20 in determining Mr Gaines-Cooper's residence.

The Special Commissioners therefore went on to consider Mr Gaines-Cooper's lifestyle, looking at days spent in the UK, days spent in the Seychelles, where he had family homes, where his wife was

present, and other personal and business connections in the relevant countries.

In considering the days spent in the UK, had the Special Commissioners been relying on IR20, then the days of arrival and departure would have been ignored as UK days. On this basis, Mr Gaines-Cooper would have fallen under the 91 days on average threshold, which is generally accepted as the benchmark in order to avoid UK residence. The Special Commissioners, however, took a contrary view, considering that if Mr Gaines-Cooper was in the UK at midnight on any given day then that was treated as a UK day.

On this basis, the Special Commissioners found that Mr Gaines-Cooper was in the UK for well in excess of this 91 day threshold, and therefore remained UK resident.

It is clear from the Commissioners findings that:-

- Taxpayers cannot necessarily rely on HMRC's guidance for determining their UK residence.
- In particular, the day counting method used by HMRC in IR20 cannot be relied upon and anyone who, under the midnight rule favoured by the Commissioners, is in excess of 91 days will face the risk of a challenge to their residence status.
- If a UK resident taxpayer is looking to lose UK residence, they must take as many steps as possible to sever their UK connections.

This case leaves taxpayers in a very difficult situation, as this is another area of tax law where uncertainty reigns within a system where taxpayers have to self-assess their residence status and will, therefore, have to decide whether or not they can rely on IR20.

Any clients who are currently non-UK resident, or are indeed considering becoming non UK resident, should therefore speak to their contact partner with a view to arranging a review of their position. ●

New Construction Industry Scheme

This is a reminder that the new Construction Industry Scheme (CIS) comes into effect on 6 April 2007. If your business activities directly include construction operations, then you should make sure that you are fully up to speed with the changes imposed to ensure you comply with the new regulations.

Furthermore, any businesses that are not directly involved in construction operations, but incur expenditure on construction services from third parties of £1m per year over a three year period, are considered by HMRC to be "deemed contractors" and are similarly required to operate within the Construction Industry Scheme.

Therefore, if your business has incurred this level of expenditure in recent years and you have not been operating the scheme, the matter should be reviewed to ensure that you are compliant. If it transpires that you have made payments that should have been within the Scheme, and the recipients of those payments have not correctly reported the income and paid taxes to HMRC, you may become liable for the unpaid taxes.

If you would like further information on this new scheme, please speak to or email your usual Lubbock Fine contact. ●

Using a sledgehammer to crack a nut?

In what many pundits are describing as a sledgehammer to crack (the wrong) nut, national newspapers have reported that the Revenue is reportedly offering financial incentives to tax inspectors to encourage them to collect more money from individuals and businesses.

Experts warn that the new incentives and higher targets could lead to more tax investigations. 'The Times' quoted an unnamed former tax inspector as saying that pressure to bring in more money would lead to inspectors seeking out more companies and individuals for investigation.

Revenue bosses have allegedly instructed compliance staff across the UK to increase the amount of recovered unpaid tax by 25% during 2007 with reports of bonuses of up to £2,000 being offered to inspectors who meet their targets.

This report is causing some alarm. Whilst it is perfectly right and proper for HMRC to collect monies that are due, the bonus system may provoke a link between tax collected and bonuses paid. Overzealous and unreasonable inquiries could then result.

We are keeping a watchful eye on this development. ●

Self Employed Working at Home

HM Revenue & Customs has recently issued an updated guidance note on the types of expenses that they will allow a self-employed individual who is working from home to deduct against their business income.

Whilst much of this guidance is unsurprising, there are a few changes of practice that are worth noting, in particular:-

1. HM Revenue & Customs now accept that it is acceptable for a trader to deduct a proportion of mortgage interest on a "just and reasonable" basis based on the proportion of the house which is used for the purposes of the trade.

For example, if a house has 10 rooms and one of these rooms is used mainly for the purposes of the person's trade, then approximately one tenth of the interest may be deductible. Care is needed here, as there may be other tax consequences, such as capital gains tax if a room is used exclusively for business purposes. Therefore, the actual amount claimed may be slightly less than one tenth if some private use of the room exists.

2. Where a trader claims tax relief for the business use of the home telephone bill, HMRC used to insist that no part of the line rental could be deducted, as it was not incurred "wholly and exclusively" for the purpose of the trade. HMRC have now relaxed their views on this and in future, the trader will be able to claim a proportion of the line rental charge, for example, 50% if they use the phone line for 50% business use, plus the whole cost of the calls specifically relating to business.

Further guidance about allowable expenses for the self-employed is available from your usual Lubbock Fine contact. ●



Why companies' electronic communications may be flouting the law

Thousands of companies may now be acting in breach of the law. From 1 January 2007, UK companies must include certain regulatory information on their websites and in their email footers.

Websites and electronic mail should now display the company's address, company number and place of registration. Any trade or professional association membership details, including any registration numbers, should be provided, and a VAT number should be listed – even if the website is not being used for e-commerce transactions.

Contrary to the fears of many, these details do not need to appear on every page but must be shown on "About us" or similar pages. The information, which must be in legible characters, should also appear on order forms and in emails.

The change is being made by a Statutory Instrument (SI) that absorbs a European law, the First Company Law Amendment Directive, into UK law. It specifies that websites and documents in "electronic or any other form" are required to show the company's name, registered number and registered office. If the company is being wound up, this must also be shown in electronic correspondence and websites as well as print.

There has been very little publicity about this and as a result, thousands of companies may now be now breaking the law.

There is some confusion about whether emails sent from company domains constitute "business letters" so the best current advice is to include the company data in email signatures.

The SI included another amendment which states: "If an officer of a company or a person on its behalf causes or authorises the appearance of a website not complying with those paragraphs, he is liable to a fine." ●



Employers proceed with caution

If you are an employer taking on workers from new EU countries this year, take care. Following strict restrictions imposed by the Government, on the number of people from new EU member states, alarms are being sounded.

Bulgarian and Romanian nationals have not been given the same level of freedom to work in Britain that Polish workers and those from other member states have been afforded in the past. With the exception of the self-employed, only 'highly skilled' workers from these countries will be granted permission to work in the UK, along with a total of 20,000 workers who will be allowed to take up temporary work on farms or in food processing.

The rules effectively restrict employers from hiring citizens from these countries and employers who take on workers without a work permit could be subject to hefty fines. Companies need to check that any potential foreign employee has the appropriate permission to work in the UK and to do the job offered. If making an offer of employment to a highly skilled person who does not have a permit, sufficient time to apply for one must be allowed before the individual commences work. ●

Productive, proactive and promoted

We are really delighted to be able to announce that earlier this month, three of our staff, Andy Noton, Lee Camp and Neil Williams were promoted and became managers.

Andy joined us as a graduate trainee and has the distinction of being a prize winner in our notoriously difficult qualifying exams. Lee and Neil joined us straight from school and showed obvious potential from the outset. All three have made a significant contribution to our business over the last few years with their hard work, great attitude and enthusiasm.

We are sure that the many clients who know Andy, Lee and Neil will join everyone at Lubbock Fine in congratulating all of them on this significant achievement and we can look forward to continuing to work with them as they go from strength to strength in the future. ●



Congratulations to our client... Gary Tarn



Many congratulations to our film director client, Gary Tarn, who was nominated for a British Academy Film and Television Award (BAFTA) for his film, Black Sun. His nomination was for the Carl Foreman award for special achievement by a British director, writer or producer in their first feature film.



Gary Tarn is a self-taught musician and film-maker. A Londoner, he started to play and write music aged 7, was performing in a punk band by 14, and by his 20's was an accomplished producer and multi

instrumentalist. His passion for film led to a career as a composer for film and television, and it was a natural progression to start to shoot images of his own. In 1999 he met the blind author Hugues de Montalembert, who agreed to collaborate on a film project. The result, BLACK SUN, is Tarn's first feature-length film.

Hugues de Montalembert had hardly met a blind person when suddenly, violently, he became one. One evening in 1978, the French painter and filmmaker entered his New York apartment and was viciously assaulted by two men looking for money. In the struggle, one of the attackers threw a vial of paint remover in his face: by the morning he was completely blind.

Gradually, he learned to come to terms with his loss of sight, and discovered a rare ability to create an internal visual world. He eventually started to travel again, alone, documenting his travels in a series of books. Combining de Montalembert's audio narrative with stunning visuals, the film articulates the immediate and longer-term consequences of the attack, as de Montalembert reflects on his perceptions of the world. ●

"...innovative work of art that provides all the facts and anecdotes of a conventional documentary, but which immerses them in a mesmeric ambience all of its own."

Nicholas Barber, The Independent

We're always delighted to feature good news about our clients. If you have something special that you'd like to shout about, please email marketing@lubbockfine.co.uk and we'll try to get your story into our next issue.

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