

### Dividends – Still a Good Option?

*“A recent court challenge to a HMRC decision to charge Tax & NIC on an employee dividend scheme has collapsed. What does it mean?”*

The dispute arose between HMRC & PA Holdings Ltd (PA) over a scheme in which employees acquired special shares at a nominal value. The company then proceeded to pay out large dividends. HMRC launched a challenge to the scheme, giving rise to fears that directors dividends were under threat.

Following an initial tax tribunal, the case escalated to the Court of Appeal where it was ruled that the dividends were earnings & therefore subject to both tax & NIC. PA appealed to the Supreme Court but this appeal has now been withdrawn.

This obviously gave rise to renewed fears about directors' dividends, however opinion in the professions is that PA failed because this was a SCHEME to avoid tax from the outset. HMRC has stated it has no intention to change its current stance on legitimate dividends.

### NAO Criticises Universal Credit

*“The National Audit Office (NAO) reports that the Government's welfare reform flagship is the victim of weak management & ambitious timescales”*

Universal Credit combines previous benefits under a single entitlement intended to cut both fraud & costs. However the NAO found that the Dept. for Works & Pensions (DWP) is guilty of overspending, cutting corners to meet tight deadlines & inadequate management for a task of such magnitude. The DWP has had to delay its planned October “national roll out” due to the usual “IT issues”.

Spending so far amounts to £425m with 70% accounted for by IT costs, £34m having already been written over viability issues. The NAO comments that that UC could achieve considerable success, providing the DWP learns lessons, sets achievable deadlines & applies strong management control.

### Asbestos Failings Cost Firm £80,000

*“A company in Poole has been fined after exposing workers to potentially fatal asbestos at a disused factory”*

Poole Investments plc (PI) allowed a series of people & workers on to the site in Poole, despite being aware of the presence of the asbestos materials from a survey it commissioned itself. HSE was alerted & found that the company had agreed to sell redundant plant to a local trader, who unwittingly released asbestos dust & fibres when he demolished part of a disused pottery kiln while removing kiln carts from the site. PI allowed work to start before its survey had been completed & after the report clearly stated asbestos was present.

On 17/09/13 Poole Investments was fined £60,000 with £20,000 costs after pleading guilty to 3 breaches of the Control of Asbestos Regulations 2006. For the full story go to: <http://www.hse.gov.uk/press/2013/rnn-sw-poole-investments.htm>

### Paying Family Through Your Business?

*“Many business owners are under the impression that they can put almost any cost through their business & claim it against tax”*

This is clearly not the case and our guiding principle is “Get greedy; get caught”. However there are some legitimate things you can do, costs are generally allowable if they are “wholly & exclusively for the purpose of the trade”; so where does that leave you with regard to paying family? The HMRC's stance is that there must be “equal pay for equal value” for the payments to be allowable regardless of any connection. Most businesses can quite easily find tasks for their children to “perform” such as car park maintenance, IT & vehicle valeting. This is a very tax efficient option as it saves you finding cash for your children out of any net income, especially if you're a 40% taxpayer. If you were to pay £960/ year out of your own pocket, this is equivalent to £1,655 of salary but paying via your company would cost £768 after taking into the tax deduction.

### Only 1 in 3 Women Have Life Assurance

*“Friends Life reports that two thirds of women have never had life assurance”*

The survey finds that women are much less likely obtain cover than men with a third saying they would never take out cover, although a quarter may consider doing so. 30% of those surveyed do not consider it a priority & a further 27% say they cannot afford it. This is clearly a concern given that increasing numbers of women are the sole or main “bread winners”.

Friends Life has called for better interaction between life providers & women. FL comments that many workplace group life policies provide opportunities for additional cover for spouses/ partners with flexible benefit schemes offering the option for full family cover.

### Pharmaceutical Co. Fined £100,000

*“A North East pharmaceutical company has been fined for a serious safety breach which left a worker fighting for his life in hospital”*

The employee, from Tyne & Wear, was sprayed with 7 litres of bromine as he removed cables from a valve connected to pipework at Aesica Pharmaceuticals in Cramlington, Northumberland. He spent 48 hours in a life-threatening condition after inhaling the bromine & suffered severe skin burns & damage to one eye. The worker was removing cables from partly de-commissioned pipework when bellows failed releasing the bromine. Bromine is classified as potentially fatal if inhaled & can cause severe skin burns.

On 20/09/13 Aesics Pharmaceuticals Ltd of Newcastle was fined £100,000 with £7,803 costs after pleading guilty to breaching Sec 2(1) of the Health & Safety at Work Act 1974. Full story: <http://www.hse.gov.uk/press/2013/rnn-sw-poole-investments.htm>