



Company Cars for Shareholders

We are often asked whether it is tax efficient for a family company to purchase a car and pay the running costs for a wife/relative etc who is a shareholder but not an employee or director of the business.

Sadly, this does not seem to be beneficial. The shareholder will be treated as having received a dividend equivalent to the benefit chargeable as if they were an employee. Even with an "average" car these days, including the fuel benefit, the benefit charge (and thus the deemed dividend) could easily be £9,000 to £10,000. Not only that, but the company will be unable to deduct any of the running costs from its corporation tax profits nor claim any capital allowances.

Tips for thriving in these challenging times

- Hold your nerve
- Set 3 month objectives and keep them under review
- Review overheads but remember that some of these will be investments
- Work very closely with your bank manager
- Work closely with your customers to prevent rising WIP/Debtor levels
- Avoid the discounting trap
- Look for ways to add new products or services
- Ensure that you have monthly management accounts within 20 days of the month end
- Identify your key performance indicators and monitor them regularly
- Ensure that your customer service standards exceed those of your competitors
- Ensure that your "remuneration package" is as tax efficient as possible

It is hard to read the future given the recent extraordinary events in the banking system. What is unknown, and thereby causing a large degree of uncertainty, is what effect all of this will have on the "real economy".

However, in these times there are as many opportunities as there are threats and provided that you can demonstrably show that your business is significantly different to your competitors then you will be in a position to pick up business from those customers who are looking for more adaptable and service orientated suppliers.

Most Innovative Sole Practitioner?

We are thrilled to share with you that we have just learned that we have made the national finals of the "Most Innovative Sole Practitioner" awards run by the 2020 Innovation Group. This is a network of 1,300 national independent accountancy practices to which we have belonged for almost 10 years. To reach the finals is beyond our wildest dreams and now we are down to the final 3 in our category. We learn our fate on the 16th October at a presentation hosted by Jack Charlton. Even if we do not win, to have reached the finals of a national competition is proof positive of our commitment to "being different" and adding value to everything we try to do for our customers. We will keep you posted on the result.

Peter

23rd September, 2008

BUSINESS IS GREAT AND WE ARE READY FOR MORE. PLEASE DO REFER US TO YOUR BUSINESS ASSOCIATES.