



OCTOBER 2004 NEWS UPDATE

A SLAP ON THE BACK

When you provide your employees with perks you are, in most cases, able to reclaim any associated input VAT. **Goods** - Providing a series or succession of gifts that do not total more than £50 (excluding VAT) per employee in any twelve month period, then the VAT can be reclaimed in full and no output VAT will be due. BUT if perks exceed £50 in goods then you will have to pay the VAT (that you have claimed) back as output VAT, or....

“Think Services” – in this case the perk could be provided as a service rather than goods, as there are no monetary limits for services. Services would include providing tickets to the theatre or opera. The overriding condition being that they are an incentive or reward for good performance and which is open to all employees (including directors) who meet the criteria of your particular reward scheme.

Warning – do not provide vouchers to employees as these are treated as money for VAT purposes and so you will have no VAT to reclaim.

HANDS FREE KITS

The Inland Revenue have confirmed that the provision of a hands free kit for a mobile phone will be free of Income Tax and NI provided that the kit remains the property of the employer, even if the kit is installed in an employee's car.

If the employee purchases the kit and is reimbursed by the employer, then tax and NI will arise.

7 CRITICAL THINGS THAT SUCCESSFUL BUSINESS MANAGERS KNOW

1. Their most profitable products.
2. Their most profitable customers.
3. Their expense drivers (those expenses that account for 80% of overheads).
4. How to keep control over their cash flow.
5. What critical success factors apply to their business.
6. How to identify, measure and monitor Key Performance Indicators that are directly related to those critical success factors,
7. How to use an operating plan as a management tool.

Next month we will cover the 6 drivers of profitability.

Peter

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