

Property Agent Matters

Opening the doors to future prosperity

Keeping Trim for the Summer

So, the summer is almost here and no doubt you will have either booked, or will be in the process of booking, your summer holiday. It's about this time of year that you will also start thinking about how you're going to look in that bikini or those swim shorts (fingers crossed no Speedos involved!). Often, the thought of being on public display encourages us to consider healthy eating and dust off the gym membership, to try to lose a few pounds before jetting off to sunnier climes.

Most of us, at some point during the year, will have put on a few pounds, it's about how you deal with it that's important. The same can be said in business. When things are looking pretty encouraging, there is sometimes the tendency to let things carry on as normal, piling on a few extra expenses that aren't necessary, resulting in a less profitable business than could be the case.



I recently attended Liverpool's last game of the season against Newcastle and was fortunate enough to have been given a corporate hospitality ticket as a Christmas present. On arrival, I was astounded by some of the "flab" within the organisation. We were directed to a lift and told to go to the second floor. On leaving the lift, there was someone employed asking you if you knew the number of the table you were on. The answer, from 99% of the people was "no", so you were asked to stand in a queue.

You then had two employees looking through a manual list for your name, to give you your table number. Now, I'm no technology expert, but if you have a bar coded ticket that confirms your entry and on that ticket is your seat number; surely it wouldn't be a stretch to either include the table number actually on the ticket,

or have it so that, on scanning the ticket, it told you the table number. That could reduce their costs by three salaries!

And this, really, is my point, processes and procedures just carry on without being checked or scrutinised and, as you get bigger, you just add more resource and cost to those same processes and procedures. That is no way to keep your business as trim as it could be.

The property market has really shown signs of improvement over the last 12-18 months and my estate and letting agent clients are all quite comfortable with their current position and pipeline. But it's when you're comfortable that you pile on the weight!

Continued overleaf..

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So, my advice to all of you is don't just carry on as normal, adding extra cost, without first really looking at your business, your procedures and your processes to see if you are as efficient as you can be. Do you need that extra piece of paper or spreadsheet – does it actually add anything other than more time? Why do you do things the way you do them? Is it just because that's always how they've been done? If so, it is probably time to freshen things up. Your staff, who are on the front line, will probably have some great ideas to help you streamline your processes.

As Accountants, we do the same. We looked at our personal tax return procedure, which had become cumbersome, and have given it a major overhaul. We hope this will increase our efficiency over the next few months and save us from what is normally a pretty horrendous January!

By giving your business a workout this summer, you should be helping it to achieve much sunnier profits. Then, when you do jet off on holiday, you can sit by the pool, drinking a cocktail, safe in the knowledge that you're as trim as can be!

Have a great summer.

ATED that's not so cuddly

The Government are not fans of non UK residents owning residential property. Tales of offshore companies owning properties, particularly in London, and avoiding capital gains tax and stamp duty land tax were prevalent and resulted in new legislation being introduced in April 2013.

The Annual Tax on Enveloped Dwellings (ATED), was brought in for any residential properties (dwellings) held by a "non natural person" valued at over £2m. The annual charges ranged from £15,400 to £143,750 if the property was valued at over £20m.

As the minimum value was £2m, there weren't many properties outside of London that were affected. However, the 2014 Budget announced that the limit is to reduce to £1m from 1 April 2015 and £500,000 from 1 April 2016, bringing many more properties into the ATED net.

In March 2012, when ATED was first mentioned, a new 15% rate for stamp duty land tax was brought in for a property bought by a non natural person and having a chargeable consideration of more than £2m.

The £2m limit is also reducing to £500,000, but from 20 March 2014, so it's in place now.

If that wasn't enough, a capital gains tax charge was also introduced for non natural persons from 6 April 2013 for disposals of residential property above £2m. There is now a consultation that has been released proposing that the capital gains tax charge is extended to all non UK residents, regardless of whether they are natural or not, from April 2015.

So, what is a non natural person? Essentially, a company, a partnership that has a corporate member or a collective investment scheme.

Of course, there are exemptions from these charges, most notably where the company operates a property rental business, or is a property developer or trader; together with some farmhouses and finally dwellings that are open to the public for at least 28 days a year.

The problem, I suspect, is that some will fall into these charges "by accident" either by not being advised on acquisition, or by the decreasing of limits from £2m to £500,000. If you come across someone proposing to buy a valuable property in a company, it is worth checking if they're taking professional advice, as the wrong structure could prove quite costly.



Nick Haines

Partner and Head of Team
Affiliate Member of NAEA

t: 01242 237661

e: nick.haines@hazlewoods.co.uk



Rachael Anstee

Director

t: 01242 237661

e: rachael.anstee@hazlewoods.co.uk



Megan Bourke

Tax Senior

t: 01242 237661

e: megan.bourke@hazlewoods.co.uk

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Windsor House, Bayshill Road, Cheltenham, GL50 3AT.

t: 01242 237661 f: 01242 584263

www.hazlewoods.co.uk

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