



We are pleased to attach our 2009-10 end of year newsletter.

### **Economic Climate**

In the last quarter of 2009 the UK had just finally come out of recession with a gross domestic product (GDP) growth of 0.1% By any account this a very weak recovery. This was achieved on the back of a large package of fiscal measures that included £200bn of quantitative easing (creating money), car scrapage schemes, cuts in VAT and reductions in stamp duty etc. As all this is now reversed and further large tax increases have been announced to take effect from April 2010, a double dip in the economy cannot be ruled out.

The UK is also faced with a large budget deficit of £178bn next tax year that will need to be tackled. If this trend is not brought under control and economic growth remains low then the UK is on course to be in the red by £1.5 trillion by 2015. Until the general election takes place, possibly on 6 May, 2010, we won't know who will form the next government and the policies that they are likely to follow. However, it seems clear that whichever party forms that next government there will need to be deep cuts in public expenditure and large tax increases. The timing of the cuts is likely to be initially driven by what is politically doable rather than what is necessary. However, ultimately it will be heavily influenced by UK's sovereign debt rating and the ability to borrow money in the money markets to fund the deficit.

It is also worrying that there also appears to be no clear consensus amongst economists either. In the last week two groups of eminent economists published contradictory advice in the national newspapers. One group advocates cuts in government expenditure now whilst the other group says keep spending. So what should businesses do? Our best guess is that we plan for higher taxes, significantly lower public expenditure, higher inflation, lower value of sterling and higher interest rates for businesses even though the base rate should stay low in the near term. We will publish a fuller analysis in April with our business network newsletter. There are more articles on the economy and tax tips in our winter 2009 "[Keeping in Touch with business issues](#)" business network newsletter.

### **Controlling Costs and increasing productivity**

#### ***Occupation costs***

One of the biggest costs businesses face is occupation costs. In this regard, landlords know that most SME's are unlikely to engage professionals to negotiate rent reviews and may seek to get higher increases than justified by market conditions. So stay vigilant if you are coming up to a rent review.

If your rateable value is less than £15,000 (£21,000 in London) than make sure you are claiming the "Small Businesses rate relief". This could cut your bill by up to 50%, but it is not automatic and must be claimed for. As a result many businesses are missing out.

***If you need some advice on rent and rates or controlling your costs contact Alok on 01923 212687 for an initial free discussion.***

#### ***Make the best use of IT***

Another way of keeping costs down and increasing productivity is to use IT in a more effective way. With the falling cost of hardware and software it is much more affordable to deploy technology in a very cost effective way. So don't miss out and allow your competitors to steal a march on you. ***If you want a informal free discussion on using IT to improve productivity then contact Alok.***

## Credit Advice

In a recession it is even more important to look out for danger signs that your supplier or customer could go bust leaving you out of pocket. Visit <http://www.amitra.co.uk/crad.html> to read about the warning signs to watch out for and also how to carry out effective credit control.

## Business Health Check

Through our consultancy firm CJM Consultants Ltd we have developed a health check package that is flexible and allows our clients to choose those areas of their business that they feel would benefit from a business review. The review is designed to focus on business risks and identify practical cost effective solutions. Our experience shows that a lot of improvements can be made at a low or nil incremental cost. Contact ***Alok to discuss the options available to you. There is no charge for the initial discussions.***

## Make the most of your spare cash

Those clients who are fortunate enough to have cash deposits would have seen deposit rates slashed to almost zero. However, it is now possible to get around 4% on cash deposits if you are prepared to shop around. If you want to know the interest rates currently available or are concerned about holding too much money with one institution, you can contact our office. We will explain the options available to you to ensure that, to the extent possible, you can protect your cash while maximising your returns.

## Fines and Penalties

Clients should also note that most fines and penalties levied by HMRC for failure to file returns on time or for errors and omissions have increased. Please make sure that you get your tax returns in on time and that it is accurate.

The fines for late filing of accounts at Companies House are also much higher. They also rise much faster. For private companies it starts at £150 and rises to £1,500 after six months. See <http://www.amitra.co.uk/latefilepen.html>

## Tax matters covered in this edition include:

- Points to consider before the 5<sup>th</sup> April 2010 and planning for next tax year.
- Rules for getting back tax paid on past profits if you are now making a loss.
- Fines the taxman can levy if your returns are late or wrong.
- Tax-free benefits
- Many other topical tax briefings.

If you are likely to be impacted by any of these tax matters or need further information then ***call Jenny at our office on 01923 212687 for further information and advice.***

you can also click on the link to download the newsletter from our website: [http://www.amitra.co.uk/news/100202%20A%20Mitra\\_13151%20YETR%202009-10%20PDF\\_S.pdf](http://www.amitra.co.uk/news/100202%20A%20Mitra_13151%20YETR%202009-10%20PDF_S.pdf)

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