



MAXIMISING CASHFLOW

A DIFFERENT PERSPECTIVE, A BROADER VIEW

As we approach the half way point of the year with no indication of any recovery in the economy, at least in so far as it effects the racing and breeding world, we felt it an appropriate moment to remind you of the rules which exist to make sure that you can reclaim any tax which you have paid, or might have to pay, on income which has not materialised, and other concessions which, in our experience, have not always been correctly applied.

With the Royal Meeting at Ascot beginning on Tuesday tax may not be the first thing on your mind at the moment, but with the second stage of payments on account for 2008/9, based on what might well have been higher income in 2007/8, due on 31st July it is something you should address sooner rather than later in order to maximise your cash flow and minimise your tax liability.

TAX RELIEF FOR BAD DEBTS

VAT

Where VAT has been paid but the relevant invoice remains outstanding for at least 6 months (the precise period depends upon the circumstances), a repayment of the VAT can be claimed. The basic conditions are:

- A period of six months must have elapsed since the date that payment became due from the customer
- The debt must not be older than three years and six months.
- You should have written off the debt in your VAT account.
- The debt should not have been sold or handed to a factoring company.

Income Tax and Corporation Tax

Tax Relief is available for bad debts and many debts that are estimated to be bad at the Balance Sheet date. Remember to alert us to these when we prepare your accounts to ensure you receive tax relief on these as soon as possible.

HELP FROM HM REVENUE AND CUSTOMS

From 24 November 2008, HMRC have introduced the 'Business Payment Support Service'. The service has been set up primarily to assist businesses and companies who are unable to pay their tax, however, it is also available to individuals. If this applies to you, whether it is an existing payment or payments becoming due, the business payment support service will review the circumstances and look at options for viable payment plans. Where you have already been contacted about an overdue payment, it is advised that you contact your HMRC office directly to negotiate a payment plan.

The good news is that the general feedback on this service has been positive. We would therefore recommend if you are experiencing cash flow problems which are leading to difficulties in settling your tax liability, you should consider contacting this service. This may be particularly useful bearing in mind the second payment on account for individual taxpayers will be due for payment by 31 July.

For more information, please contact our Newbury office and ask to speak to a member of our Bloodstock team.

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ABOUT JAMES COWER BLOODSTOCK

The James & Cowper Bloodstock Group combines a deep understanding of the bloodstock industry with all the expertise and resources you would expect to find within a Top 60 accountancy practice.

The team's in-depth knowledge of the industry, and considerable individual and collective experience of working with it, mean that lengthy explanations of background are unnecessary and the focus can immediately be on giving best advice.

Our clients range from substantial multinational organisations to small owner-managed businesses and all points in between, including trainers, breeders, owners, bloodstock agents, industry bodies and racecourses.

We favour an inclusive approach to service delivery whereby we work with clients and, if appropriate, their other advisors to achieve the optimum business solution. Our team is fully integrated and combines all relevant disciplines to help clients reach their aspirations and run their businesses safe in the knowledge that they are dealing with professionals who are genuinely interested in their industry.

The telephone number is **0845 302 1435**.

When calling the service, you will require the following:

- your 10 digit unique tax reference number
- details of the tax you are/will be having trouble paying
- basic details of the business income and outgoings (for self employed, partnerships and companies)

PERSONAL TAX PAYMENTS 31 JULY 2009

Tax payments for individuals paid during the tax year and on 31 July following the end of a tax year are calculated with reference to the previous year's tax liability. If you believe taxable profits or other income for the 2008/9 tax year are lower than for 2007/8, you can reduce the payment due on 31 July 2009 and possibly obtain a tax repayment from January 2009. Please contact us if you think this may apply to you.

LOSSES

A loss relief claim must be made on the final results of the business so if you believe you may be able to claim loss relief; it would be worthwhile ensuring that your accounts are prepared as early as possible to enable prompt repayment of any tax.

LOSS RELIEF EXTENDED

Where loss relief is available, the trading loss is set against total income of the current and/or the preceding year. In the 2009 Budget, HMRC announced their proposal to extend the period of relief for trade losses made in the tax years 2008/9 and 2009/10.

BUSINESS RATES

Following the 2004 amendments to the UBR regulations, qualifying stud farms are now entitled to a reduction in rateable value of £3500 for each hereditament.

You should check that this was correctly applied at the time of the 2005 UBR revaluation, when the reduction was increased from £2500, and that it has been applied to each qualifying stud property on which UBR is charged

LIENS

Under the majority of training agreements, trainers can take a lien over the horse when the owner fails to pay their training fees. However, it is important to note that a lien only applies to an individual horse, and if the owner defaults on a number of horses which are subsequently sold, the proceeds from each horse can only be used against any outstanding debts on that horse, and it is not the case that the total sum realised from all the sales can be used against the total debt due. It is unlikely that every horse sold will cover its costs, so not all the debt will necessarily be recovered in this way.