

## BUDGET SPECIAL

# Chancellor tightens law on family firm incomes

Practitioners should act now to ensure they are prepared for controversial tax rules which aim to clamp down on husband-and-wife firms that split income to reduce tax bills.

A delay in the introduction of the 'income shifting' regulations for family business employees was announced by Alistair Darling in his Budget statement last Wednesday.

The crackdown followed a court battle between HMRC and Geoff and Diana Jones, owners of Arctic Systems, after tax officials alleged that Mr Jones moved income from the business to Mrs Jones in order to use her basic income tax rate.

The Chancellor confirmed last week that legislation to close this loophole will come in force in the next 12 months and is expected to apply from the tax year 2009/2010.

Marc Bennett of VAT & tax planning specialists AEL Partners LLP told *Optician* that practitioners affected by this announcement should act now.

'Under the circumstances it would be best for married couples to log everything that the "non-earner" does to substantiate the income they derive from the business including bookkeeping, debt chasing, working on databases,



**Darling: tax relief for practices buying testing equipment**

attending management meetings, as well acting as a sounding board for the primary earner,' he said.

The Chancellor also confirmed that small business owners can avoid the 80 per cent increase in capital gains tax (CGT) which rises from 10 per cent to 18 per cent from April 6. The lower rate of 10 per cent would apply to gains made on practice sales owned for at least 12 months. There is a lifetime limit of £1m of gains, and above this threshold the gains are taxed at 18 per cent.

In a bid to promote investment in plant and equipment, the Chancellor announced that expenditure up to a maximum of £50,000 will qualify for 100 per cent tax relief. 'This means that

unincorporated practices spending £10,000 on testing equipment will save their owners £4,000 off their tax bill (for limited companies this will be a £2,100 saving of corporation tax),' explained Bennett. 'Practices with March 31 year ends have traditionally been advised to spend money on new equipment before the year end. However, it may now be beneficial for practice owners to defer expenditure until after March 31, although this deferral decision may also be affected by the impact of VAT partial exemption.'

He added: 'I would strongly advise practitioners to seek advice from their accountants on this matter as the wrong decision could lose them £7,500 of input VAT.'

The Chancellor emphasised the government's willingness to promote the Small Firms Loan Guarantee Scheme (SFLGS) in the light of the tightening credit conditions. According to Bennett, this should make it easier for practices without alternative means of financial backing to finance equipment or fund acquisitions. The government will give a guarantee to the lending bank of up to 75 per cent of the loan up to a maximum of £250,000.

## CRIME

## Rolex raiders chased by DO

Dispensing optician Kerrin Walker (pictured) chased a pair of sledge-hammer wielding thieves after a daytime raid on a jewellers in Windsor.

The thieves escaped with a number of Rolex watches and fled towards nearby flats.



'I heard the banging, so I went outside to check what was going on,' explained Walker, director of the Windsor branch of Vision Express. 'People were just standing about and there was even a man taking pictures.'

Walker pursued the thieves for five minutes before he lost them in the flats.

'I was annoyed that burglars had already raided the same jewellers through the same window and got away with it. It's my town and I don't like people getting away with things like that.'

## FITNESS TO PRACTISE

## GMC hearing

A French ophthalmologist who allegedly recommended starvation diets to help with vision problems has appeared before a General Medical Council fitness to practise panel.

Dr Francois Pithon is alleged to have advised patients to fast for 24 hours and told them toxins should be 'removed via the liver and sweat', reports [www.thisisgloucestershire.co.uk](http://www.thisisgloucestershire.co.uk).

Pithon, who was dismissed by Gloucestershire Royal Hospital in 2003, has claimed he was sacked because he believed in alternative treatments.

**SUNNY SIDE OF THE STREET:** David Clulow Sunglasses has launched an expansion programme with seven new concessions in House of Fraser stores in 2008. The company already has successful concessions in House of Fraser Oxford Street, Bluewater and Glasgow and added concessions in Lakeside and Belfast last month. It also opened in Dundrum, Ireland, its first store outside the UK. Richard Peck, Clulow managing director, said there would be further openings in new and existing House of Fraser stores including High Wycombe (pictured), Guildford, Manchester and White City. 'These House of Fraser openings, as well as recent new stores in Heathrow T5 and Bicester Village, are a mark of the huge success enjoyed by David Clulow Sunglasses, taking the total number of sunglass only stores to 23.'

