



E Update: March 2009

Topical issues included in this months newsletter include taking retirement benefits, the new powers of H M Revenue & Customs and the business payment support service.

Dear «Michael»,

Planning to take retirement benefits? - would the tax free cash from your pension benefit you and your family?

Pensions Legislation which came into force on 6th April 2006, allowed individuals in personal pensions to crystallize the benefits from their personal pensions at the age 50. Probably the most popular method of utilising this rule has been to draw the 25% tax free cash from a personal pension, but to delay the set up of any income or annuity.

The remaining fund remains invested in an unsecured pension arrangement which is set at nil income. Within Government limits an individual can switch the income on or off at any time to suit their circumstances. Such flexibility has allowed clients to repay mortgage or unsecured debts, to offset the amount in their mortgage, to provide funding for second properties or to help their children in the first home.

At the same time it allows the client the opportunity to review their holdings in the pension and to structure the fund for their current circumstances. **However the minimum age increases to 55 from 6th April 2010, so many individuals will have just 12 months to put this into place or face a wait until age 55 from 6th April 2010.** Most providers will have a minimum pension amount of £50,000 in order to take advantage, however smaller amounts are considered.

This article has been contributed by Alan Francis at Johnson Gibbs. Tel 01926 94457 or 07739 835342. Email alan@johnsongibbs.co.uk. Johnson Gibbs are authorised and regulated by the Financial Services Authority.

The new powers of H M Revenue & Customs

HM Revenue & Customs have been granted additional and far reaching powers commencing in April 2009. Perhaps the most concerning of these are the intervention visits. These unannounced visits will involve sending tax investigators to business premises to attack Income Tax, Corporation Tax, PAYE and VAT affairs simultaneously. You may well not be in a position to defend yourself if HMRC turn up at your doorstep and may inadvertently say something which could prompt a full blown investigation so always refer them to us or your own accountant.

Business payment support service

If your corporation tax or self assessment tax is due and you are having cash flow problems contact this HMRC service on **0845 302 1435** as soon as possible. You will need to have full details of the company's cash position and its other tax liabilities at your finger-tips. Please contact me for more details about this.

Robert Bradley

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