



August 2015 Newsletter

Budget Hangover Special.

The Budget

This was a shock, but most people have not taken on board quite how significant the changes have been:

- dividend tax – the advantage of dividends over salary has been neutralised by the simple expedient of putting NI on dividends, but calling it a tax. So we all pay more tax.
- minimum wage – this is going to be painful for hospitality and care sectors
- AIAs (100% capital allowances) at £200k for the next 5 years. At last, some certainty
- restricted pension relief for (really) high earners
- restricted interest relief on property income for HR taxpayers

There's some more technical detail on these issues later in the Newsletter, although the fine print has not yet been published.

Pensions and tax?

As I've mentioned recently, the pension rules changed in April to make it much easier to get your money back out of your pension. The introduction of the dividend tax in the budget makes pensions even more attractive. You get tax relief on the way in and (potentially) suffer 20% on the way out. In other words, there is no NI on pension income, allowing you to wash funds through that pension. I got quite excited at the prospect. Unfortunately, the Chancellor is ahead of the curve with his threat to abolish NI by simply increasing the rate of income tax. This has been a long time coming (70 years?) and renders NI avoidance entirely irrelevant. A simpler system indeed?



And what about VAT?

Whiplash and I went on a VAT course the other week and were reminded of the European dimension of this tax. According to the weekend paper, in 1969 Unions were striking in objection to the proposed introduction of VAT. It eventually arrived on 1st April 1973 (as part of the EU deal), following a 15 page consultation document issued the previous year. This document didn't even mention Europe till page 10 and talked naïvely about a "simple" tax. And we've now spent the following 42 years making it as complicated as possible.

The latest great idea is the MOSS scheme (Mini One Stop Shop) which applies to digital downloads. The problem (which MOSS solves) arose because digital downloads were taxed in the country of origin. So, Amazon registered in Luxembourg where the relevant rate of VAT was an illegal 3%. The rest of the EU fretted about the loss of VAT and changed the rules so that the tax is now payable in the country where the downloads are received. But there is no mechanism for collecting the VAT, so MOSS was invented which effectively allows a business to register for VAT in all of the countries in the EU by way of a portal in its own country. So far, everybody in this country (except Amazon) has ignored the whole thing on the grounds that it's ludicrously bureaucratic. But we now have a Pan-European tax, without anybody noticing.



Still positive

Despite the wall of negative emotion generated by the Budget (well endless angst anyway), I feel we should retain our sense of perspective and work on the positives. The Sage of Bishopswood says:
<http://www.thepositiveapproach.info/positive-approach-developing-purpose/>

Or maybe:

<http://cashmanleadership.com/the-pause-principle-book/>

Summer reading

Traditionally, I've published a list of must read books at this time of year and, of course, nobody takes any notice. The whole idea has been somewhat discredited of late, so I can recommend somebody else's list and still feel superior:

<http://www.lukejohnson.org/my-top-20>

I haven't read any of them.

Message from the IT guys – Windows 10

"As you may know, Microsoft have started pushing out free upgrades to Windows 10.

At the moment we would advise you NOT to try and do this upgrade until we have a chance to see exactly how the process works.

There may well be compatibility problems with hardware and software. The process will also be time and bandwidth intensive as it initially requires a 4gb download from the internet."

"Festina lente" (as my Latin teacher used to say).

And beware Error 404.

The Boyscout does emotional intelligence ("EI")

In preparation for the talk on Emotional Intelligence (now in October), I got the Boycout to do Mel's EI test. Naturally, he failed, although I would have done no better (at least according to my children). The obvious candidate for the "No Emotional Intelligence Whatsoever Award" is Joffrey from Game of Thrones. At least he comes to a satisfactorily sticky end.

The end of electronic commerce

The Government got its advisors crossed and decided to do away with encryption in order to defeat terrorism, without noticing that this would also destroy electronic commerce. Richard Zybert tells the story on his blog:

<http://www.mysafeware.co.uk/blog/2015/07/is-he-trying-to-put-us-out-of-business/>

More reasons to go to the gym

Ady sent me this:

<http://www.gsb.stanford.edu/insights/why-your-workplace-might-be-killing-you>

He could be accused of self-promotion.

The dress for success regime

This was such a good article, from somewhere within the NHS (I've lost the link), that I've reproduced it in full:

"We talk about outcomes a lot. Before outcomes, work was just a series of aimless tasks with no direction or purpose. How we managed without them is as baffling as the idea of life before mobile phones, central-locking car doors and dishwashers.

Outcomes are solid and reliable, even if they are always set in the near future. They are muscular and ambitious, kicking sand in the face of weedy seven-stone aspirations.

Just talking about outcomes gives the impression that a lot has already been done, plans are progressing nicely and that a result is in the bag.

You can miss a target or a goal, but you can't miss an outcome. Outcomes can only be achieved or delivered. It's impossible to write a negative headline with "outcome" in it. This is why politicians and communications people like them.

A rare note of dissent was sounded this week in the Dear Lucy column of the Financial Times, the corner of the paper devoted to solving readers' problems.

An anonymous investment director wrote to Lucy quoting from his new employer's dress code:

"As part of our drive to be a Winning Organisation...this means informality, openness and a lack of hierarchy in our business attire. In keeping with a solutions organisation, it is outcome-based."

"Can I continue to work somewhere that sends me such cretinous nonsense?" he asked.

The answer is that he should stop whining and count his lucky stars to have such an enlightened employer.

Applying outcome-based thinking to corporate dress standards is the next logical step on the road to success.

In the NHS, dress codes have mainly been concerned with hygiene, safety and avoiding offence – there are policies covering jewellery, false nails, skimpy clothing, high heels and long hair, with similar rules for female members of staff.

We need to dress not for activity but for outcomes. Drab uniforms and anxiety about neckties getting in the way of open wounds are classic signs of a failure regime.

Instead of just asking “Does my clothing comply with infection-control policy?” you should ask “What does my outfit say about my individuality, my fun side and my solution-focused attitude?”

So yes, hygiene matters, but let’s put the style back into sterile.

We need to express the core NHS values of informality, openness and lack of hierarchy in our choice of attire. It’s not culture but couture that is holding us back.

NHS England should lead the way with guidance on how to dress for a success regime. If we hope to become a Winning Organisation, it’s up to senior management to set a stylish, outcome-based example.

A top-down reorganisation of the NHS wardrobe is long overdue.”

Disclaimer

I picked this up from a leading tax barrister on a ludicrously hard course:

“Being at University is like being on the Dole – except your parents are proud of you”.





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