

## Bits at the back...

### Corporate structures – would yours pass its MOT?

Following a number of changes in the tax, legal and commercial world in which they operate, many private business structures may no longer be fit for purpose.

If you're a private business owner you should ask yourself whether your current business structure is optimal for:

- efficient cash extraction
- risk and asset protection
- a future exit or succession
- management and employee incentivisation
- simplicity and minimising compliance costs.

We'll explore the issues and options open to you when structuring your businesses in the next edition of *Private Business*.

### Customer co-ordinators – a new approach

Having previously focused on larger companies, HM Revenue & Customs (HMRC) is now engaging more closely with businesses below the £200m turnover threshold and has introduced a 'customer co-ordinator' (CC) role to those with turnover in excess of £30m.

Private businesses make up a significant proportion of this population and, as such, many will be allocated a CC.

What does this mean for affected businesses? The new role will mean the following:

- A single point of contact through which any issues, questions and concerns can be addressed.
- A CC who will play a vital role in HMRC's risk assessment of that business.
- As HMRC focus on those businesses which are not 'low risk', a possible increase in compliance checks/interventions.

From our experiences helping companies with these relationships, it is clear that dialogue with the CC can assist in securing a low risk rating and moving existing enquiries toward a conclusion. We consider that adopting a proactive approach to your CC will pay dividends for most private business.

### Pension regime – all change

The previously announced and much heralded changes to the pension regime have been amended by the coalition Government. Rather than a restriction of tax relief on contributions for 'high earners' the Government has introduced a much reduced annual allowance of £50k with effect from 6 April 2011 and a lower lifetime allowance of £1.5m with effect from 6 April 2012.

As a private business owner, you need to consider your pension savings and those of your higher earning employees before these changes become effective. For example, and notwithstanding HM Revenue & Customs' stated intention to introduce new legislation to this area, you could give some consideration to employer-financed retirement benefit schemes (EFRBS). Many high earners are turning to EFRBS as an alternative to traditional pensions as well as a vehicle into which they can defer taxable income.

## Equality Act 2010 – are you prepared?

The Equality Act 2010 has significant implications for private business. Many of the Act's key provisions came into force on 1 October 2010, in particular:

- significant extensions to the definitions of discrimination
- extension of the concept of employer liability for harassment of employees by third parties (e.g. clients, customers, suppliers and consultants)
- the enforceability of contractual 'pay secrecy' clauses being limited in specified situations.

To avoid falling foul of this new legislation, as a private business owner you will need to ensure you are aware of the potential impact on your organisations.

It is also likely that, from 2013, government will be given the power to require employers with at least 250 employees to publish information about the differences in pay between their male and female employees.

If you're a larger private business you should, therefore, consider assessing whether a gender pay gap currently exists in your organisation and look at addressing any resulting inequalities in advance of the obligations being imposed by law.

If you would like to discuss the topics raised here in more detail, please do not hesitate to raise any queries with your usual PwC contact.

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