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Summer Newsletter

FAMILY LAW, DOMESTIC PROPERTY, WILLS, PROBATE AND TAX PLANNING

- [Choosing your Conveyancing Solicitor](#)

HIP HIP HOORAY!

The Government suspended the use of HIPs (home information packs) with immediate effect on 21 May 2010.

The Law Society has welcomed the move. It consistently opposed the compulsory nature of HIPs, arguing that the packs failed to resolve key issues for home buyers. Instead of providing essential information HIPs were regularly prepared by individuals who lacked professional training or professional responsibility.

HIPs led to increased costs and cross selling initiatives that were not in the interests of consumers. HIPs encouraged estate agents and HIPs providers to fight for access to the consumer so that they could be referred, for a fee, to other professionals and service providers.

What now?

EPCs (energy performance certificates) will remain an EU law requirement. The Law Society says that reform of the home buying process is essential to meet the real needs of the housing market.

In the meantime, it is important to make the right choice of conveyancer. Buying a home is the largest personal financial investment we make. The legal process involved in the purchase is dealt with by a "conveyancer" employed by either a firm of Solicitors or Licensed Conveyancers.

What's the difference?

Both Solicitor and Licensed Conveyancing firms are regulated, but this does not mean to say you will receive the same level of commitment and

- [The Child Support Agency](#)

- [Capital Gains Tax: Rises and Reliefs](#)

Hip Hip Hooray continued.....

service from the firm you instruct.

The costs charged by the conveyancer you instruct can vary enormously and the cheapest is not often the best choice.

If the estate agent selling the house you wish to buy recommends a conveyancer, the agent is likely to receive a referral fee from that firm. Such referral fee will be incorporated within the fees you pay and can amount to hundreds of pounds. This situation can in some circumstances place a compromise on the parties involved.

This is the largest financial transaction you are ever likely to make and you need to feel secure and satisfied that the legal process is being dealt with correctly and speedily by your conveyancer.

THE CHILD SUPPORT AGENCY

The agency was established in 1991. The aim was to make the payment and collection of child maintenance easier, quicker, and more reliable. It took away the courts function in setting the level of child maintenance.

The idea was simple. An absent parent should pay 15% of their net income for 1 child, 20% of their net income for 2 children and 25% of their net income for 3 or more children. Less deductions from the number of nights a year the child spends with the absent parent ("non resident parent" in CSA speak).

The Act has been described as one of the greatest failures of public administration in the last century. There have been numerous changes

to the Act over the years and the legislation is now contained in no less than 8 separate Acts of Parliament. 89 Statutory Instruments setting out regulations have been made under the Child Support Act 1991.

Statistics show that nearly 35,000 single parents ("parents with care") have to wait 5 years for the CSA to resolve their claims and there is an estimated £1,065 million in maintenance arrears which the CSA accepts is collectable. The average debt owed to parents is £2,200.

Absent parents who are employed and are PAYE are relatively easy targets for the agency. If they do not pay then the agency will obtain an attachment of earnings order against them. Maintenance will be deducted from their salary before they receive the balance.

Major problems do arise with the self employed. A self employed person is entitled to organise their financial affairs in ways which are tax effective for them. This will generally involve taking a low salary and large dividend payments. Under the CSA rules, dividend payments do not automatically form part of the non resident parent's income and as such the calculation of what should be paid to a child is understated.

An application can be made to the CSA tribunal for a variation or a departure from the general rules. The application is generally based upon the inconsistency of the absent parents life style to the income being disclosed. This can capture dividend payments, or diverted income where the self employed parent pays a high wage to a partner where the reality is that it is his own income. These applications are desperately slow to conduct. They rely on the absent parent disclosing documents for which the tribunal seems to have little power to command compliance with.

In a year's time yet another child maintenance scheme will be unveiled, with yet another calculation. However, some might say that the Child Maintenance and Enforcement Commission (CMEC), who are in charge of the CSA, should concentrate their efforts on clearing up the mess that the previous schemes have left behind.

CAPITAL GAINS TAX: RISES AND RELIEFS

On June 23 2010, the rate of capital gains tax (CGT) went up for trusts and for many individuals to 28%.

However, the lower rate of 10% for many businessmen selling business assets will remain, and they will be able to benefit from this rate for the first £5m of assets sold, which is up from £2m. This applies where entrepreneurs' relief is available.

The annual allowance remains at £10,100, which is available to individuals. And there is still private residence relief, so that no CGT is paid on a property which is someone's main residence.

The new rate of 28% will hit people whose income is over £43,875 per annum, and who sell a property, possessions or shares after 22 June. Equally, the rate will apply to people who earn less than £43,875, but who make a gain that takes them over this threshold during the tax year.

How does this work?

The following gives an example of income at a level of £33,875, and a gain of £40,100:

Income	£33,875.00
Capital Gain	£40,100.00
TOTAL	£73,975.00
Allowance	£10,100.00
Gain at 18%	£10,000.00
Gain at 28%	£20,000.00
TAX (1,800 + 5,600)	£7,400.00

Trusts

Trusts pay a rate of 28% on all gains, after a modest joint allowance of £5,050. Trustees of a disabled trust have a higher joint allowance of £10,100. Executors also pay 28% on capital gains, after their joint personal allowance of £10,100.

We can advise on ways of reducing the risk of capital gains tax, and maximising reliefs.

The material contained in this newsletter is for information purposes only. It does not constitute comprehensive legal advice and should not be relied upon as such. Professional advice should always be taken for specific legal problems.