

Tax loophole to close

Family-run companies will feel a bit poorer this year when the government closes a controversial "tax loophole". At the moment so-called husband-and-wife firms are allowed to put in place income-splitting arrangements to reduce their tax bill.

But the practice is expected to be outlawed as part of a government crack-down that could reap the Treasury £2 billion a year. The government acted after the taxman lost a landmark test case against Sussex-based IT consultancy Arctic Systems last year. The case centred on whether it was right for owner Geoff Jones to pay himself a below market-rate salary to pass a larger share of company profits to his wife who worked as the company's administrator but did not technically "earn" any of the money coming into the business.

By drawing a large part of their income in share dividends rather than wages the

Joneses were able to reduce their tax bills. Despite judges ruling in favour of the Joneses the government insisted the practice amounted to tax avoidance and moved to bring in new laws. But business groups have accused the government of outlawing a long-standing tax incentive that has encouraged entrepreneurialism.

Matt Hardman, from the Forum of Private Business, said: "It is smaller firms that are being squeezed for more taxes. The Arctic Systems case should have been the end of it - but the Government insists it is a 'tax loophole' rather than an incentive to family firms."

The Government's consultation period ends on February 28. If the proposed rule change becomes law, from April any tax advantage gained from 'income splitting' will be blocked, unless there is a 'genuine commercial arrangement'.

Corporate Manslaughter - are you prepared?

After much political wrangling, the long awaited Corporate Manslaughter and Corporate Homicide Act finally comes into force in April this year. This is a landmark Act as for the first time companies and associations can be found guilty of corporate manslaughter as a result of serious management failure. This means that a company can expect to face unlimited fines and negative publicity.

To help companies understand the full implications of this new Act, Safesite is running a Corporate Manslaughter Seminar on Thursday, March 6 2008 at the Hilton London Gatwick Airport. Key speaker is leading barrister and renowned expert in the field of corporate manslaughter, Gerard Forlin. Known as Mr Manslaughter, Gerard is a powerful orator who has been involved in most of the leading cases in this field including Southall, Paddington, Hatfield and the Barrow Legionnaire's case.

For further information or to book a place on the seminar contact Ruth Taylor or Debby Finlay at Safesite on tel: 01293 529977 or email: ruth@safesite.co.uk.



Tony Blair: The former PM has landed a part-time job with Wall Street bank J P Morgan, worth £2.5 million a year. He ran the country for 10 years on far less.

Sainsbury's: The supermarket is the new darling of the High Street after reporting 3.7 per cent sales growth over Christmas while others, notably Marks & Spencer, faltered.

Britons: The average Brit is wealthier than their US counterpart for the first time since the 19th Century, according to analysts Oxford Economics.

Gold: The price of gold went up 30 per cent in 2007 as investors turn to "lower risk" investments. This year it has been trading at an all-time high of \$881 (£440) dollars an ounce.



James Lancaster
editor

Welcome

TO THE MAGAZINE
OF SUSSEX ENTERPRISE

I am always glad to see the back of January, a dreary month when everyone seems to have an extended Christmas hangover - let's call it post-yuletide fatigue.

Anyway 2008 is now in full swing and you might be thinking of ways to grow your business. We've put together some useful tips inside. Or you might be inspired by this month's cover story on SEOS, the Burgess Hill-based flight simulator company reaping the rewards of its own growth strategy.

Now, who said the following?
"I never saw a wreck and never have been wrecked, nor was I ever in any predicament that threatened to end in disaster of any sort."

Answer: Captain Edward Smith, commander of the Titanic. Which goes to show, you never know what fate has in store for you. Our feature on risk management will help you prepare for the worst.

Sussex Enterprise chief Mark Froud wants the Government to get its act together on environmental policy. You'll find that, and all the latest news from Sussex Enterprise, on page 22.

Meanwhile our colleagues at Business Link remind us it's time to start limbering up for the Olympics (An in-depth look at how to tender for London 2012 contracts will feature in next month's edition).

Finally, I would like to say how thrilled I am to be the new editor of Business Edge. Please get in touch with any feedback.

GOING DOWN

Income-splitters: Time is running out for husband-and-wife firms who use income-splitting arrangements to reduce their tax bill. Legislation is expected in April banning the practice.

Bricks and mortar: House price inflation dropped sharply at the end of 2007, according to the Halifax. The bank predicts prices will stagnate this year.

Battery hens: Eggs farmers have until 2012 to switch to free-range after the government confirmed it was pressing ahead with a ban on battery farming.

BlackBerry: Office workers have fallen out of love with the electronic personal organizer, according to a poll by ntl: Telewest Business. The laptop was the most popular office gadget last year, the survey found. Only video conferencing scored worse than the BlackBerry.

Shoppers rein in spending

Disappointing results from Marks & Spencer (like-for-like sales were down 2.2 per cent over Christmas) suggest shoppers are starting to feel the pinch from tighter credit conditions and rising utility bills.

The results followed news that PC World and Comet owner DSG International suffered a one per cent dip in like-for-like sales in the 11 weeks to December 29, with computer-based sales down 11 per cent. The British Retail Consortium reported the slowest sales growth in December for three years, with sales up a meager 0.3 per cent year-on-year.

Not all retailers had a miserable Christmas, though. John Lewis, reported an eight per cent rise in overall sales during Christmas week and said its January sales had got off to a "fabulous start".



upstarts



THIS MONTH: Craig Holbeck, Oban Multilingual

Tell us something we don't know
There is no such thing as the World Wide Web.

How come?
A website that is accessible to certain cultures is unlikely to be accessible to others. Do you want to know something else you didn't know?

Yes I am intrigued
Most internet searches are not conducted in English. People prefer to search in their own language. This means that over 90 per cent of the world are unable to find businesses whose websites are solely English.

So what do you do exactly?
We are the world's leading multilingual search engine optimisation (SEO) company.

Er... you'll have to translate
Basically we help companies build websites that can reach a truly global audience. Multilingual SEO is not simply about translation. It's about knowing key phrases, habits and customs, specific to different regions and cultures. Keywords

typed into search engines may be written according to regional spellings, which vary vastly. They may be misspelled, or they might be words we would never have associated with the topic.

Can you give us an example?
French web surfers searching for travel agencies tend to look up the word 'holiday' spelt with two 'l's. If a travel agency attempting to market themselves in France is aware of this fact, they will be able to hit a much larger portion of their target potential page visitors.

So are you a global company?
We have offices in 26 countries, including Spain, Czech Republic, Japan, China, Taiwan and Sweden, but we are based here at the Sussex Innovation Centre.

And what about the future?
The demand for what we do has grown exponentially. Brands need a strategy to stay on top. Without a search engine strategy, they risk becoming invisible.

www.obanmultilingual.com

QUOTE ME

"You can predict when disaster will strike - when it happens, it's always now". Ivan Brownrigg

You won't believe what they asked me...

Employers are still asking inappropriate - and illegal - questions in job interviews and on application forms, according to consumer group Which?

Asking someone if they plan to start a family is the most common blunder, while other candidates are being quizzed on their sexual orientation. Companies risk being taken to an employment tribunal, where they face unlimited fines if it can be proved they asked a prohibited question.

There is likely to be some confusion about what companies can ask interview candidates, with previously routine questions about age, length of experience and religious views now illegal. But, according to Which?, employers won't go far wrong if they focus on a person's knowledge and skills.

Sue Tumelty, author of the Which? CV and Interview Handbook, published last month, said: "Long gone are the bad old days when a nervous interviewee had to answer all sorts of questions about their lifestyle and their personal views.

"As employers can't judge a candidate's ability to do the job on their age, sex or religious views, for example, they've no business asking about these

things, so interviewees are in no way compelled to answer."

She added: "It helps to be aware of what you can and cannot be asked, so that you can feel confident in - politely - declining to answer any questions that make you uncomfortable."

Contact Aby Mason at Sussex Enterprise for more information and advice.

Interviewing candidates about their personal life can be a legal minefield.



NO-GO AREAS

- Are you married?
- What are your childcare arrangements?
- Are you gay?
- Are you planning to start a family soon?
- Are you a member of a trade union?
- What political party do you support?

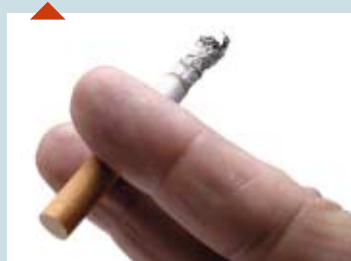
Tales from the water cooler

Weird and wonderful tales from the world of business

A German boss is being taken to a tribunal for firing non-smokers. Thomas Jensen, head of a telesales company in Buesum in northern Germany, has laid off three non-smokers and said he won't be hiring any more. Smokers, he said, "fitted in better".

"Smokers have always been our best employees. Non-smokers interfere with corporate peace. Our non-smoking employees were actually convinced that they had the right to smoke-free zones. They just complained all the time about smoking, and I don't like grumblers."

Three sacked workers are now suing him for unfair dismissal.



Students and bachelors take note - a food company has invented a bowl made out of bread for people who hate washing up.

Butt Foods, based in Birmingham, aims to be selling naan bowls filled with chicken tikka masala in supermarkets this year. The idea is that diners enjoy a soup, chilli or curry - then eat the bowl too.

Boss David Williams said: "Our banks, and our investors all thought we were crackers. But we've now proved them wrong."

Butt's bowls hold their shape for eight hours without going soggy.

The world's cheapest car will go on sale this year. Tata Motors unveiled the vehicle - which has a price tag of just £1,277 - at India's biggest car show in the capital, Delhi, in January. The four-door vehicle called the Tata Nano, will help those in developing countries get around on four wheels. It has no air conditioning, no electric windows and no power steering, but two "deluxe" models will be on offer.



As odd inventions go this is up there with the portable zebra crossing: a gadget that combines a Taser stun gun with an mp3 player. The so-called iTaser features a 1GB player in the stun gun's holster and has just gone on show at a US - where else? - electronics show.

The bizarre combo was on display at the annual Consumer Electronics Show in Las Vegas, which drew more than 140,000 visitors. Arizona-based Taser International sells the handheld stun guns under the banner of 'Changing the World and Protecting Lives'. It maintains that the iTaser "allows for both personal protection and personal music for people on the go".

Source: The Daily Telegraph, the Guardian, BBC, Ananova.com

HAVE YOUR SAY

Do the laws governing what can be asked in an interview make it more difficult to find the right person or do they make the process easier? Is age always irrelevant when it comes to assessing someone's ability to do the job? Send your thoughts to james.lancaster@trmg.co.uk

What do you think?

NEW “employer-led” qualifications meant to bridge academic and practical learning are being introduced into secondary schools this year. The new Diplomas, with their emphasis on vocational subjects, such as engineering, creative media and IT, are being hailed as the “biggest development in examinations anywhere in the world”. But will they become the qualification of choice for students, or will they be seen as another second-class qualification running alongside the “gold-standard” A-level?



Tim Cobb
Cobb PR,
Eastbourne

A stronger emphasis on vocational issues should benefit the Sussex business community and shorten the skills gap. A similar system has been operating in Germany since the 1950s, and it doesn't seem to have done them any harm. My concern would be the slow take-up of the Advanced Diploma, since few students will want to be guinea-pigs. I imagine it will take a couple of years to sort out any teething problems, but by 2010 it should offer a valuable A-Level alternative to students and turn out a better prepared workforce.



Eleanor Langridge
Revolutions Training, Worthing

The Leitch Report highlighted the need to nurture and value a wider range of skills and types of intelligence if the UK is to compete in the global economy. Vocational skills are essential for prosperity. Academic qualifications have been privileged for too long to the detriment of other types of intelligence. Advanced Diplomas represent an opportunity to engage and enable a wider group of individuals to have their knowledge and skills accredited.



Peter Ewen
Venture Finance,
Haywards Heath

Education needs to evolve but prospective employers need to have any new initiatives clearly explained to them, otherwise they could easily be devalued against A-levels. Some universities are already saying they will not accept grades at A-level in less academic subjects, so this may also be an issue for the new diploma. It is important that significant grounding in core subjects like English, Maths, History, and Science are still a prerequisite. As I understand it these will be taught in the diploma. Our own graduate trainee schemes and experience of school leavers show that there is a considerable gap between education and employment. The most successful “trainees” I find have often experienced a full time job before embarking on a trainee scheme with Venture Finance.



Bill Taylor
Brighton Sheet Metal, Brighton

The introduction of any pre-university qualification that involves work placement or practical skills has to be encouraged, as the current route of pure academic education does not expose students to the full possibilities of career options. Whether these qualifications should be worth more than A levels is not certain, but a student who has already gained some “hands-on” experience must be more attractive to a potential employer, either for immediate employment or possible sponsorship options. This is particularly relevant in the manufacturing sector where there is almost no alignment between academia and industry.



Gina Citroni
Amplicon Liveline, Brighton

This is an exciting opportunity for employers in key industry sectors to contribute to the education of the young people we would like to employ in the future. The diploma itself combines essential skills and knowledge, hands-on experience and employer-based learning, to prepare students for work or further study. The ultimate goal is to deliver better-prepared young people with a sector-relevant foundation. As business leaders this surely deserves our input and support. Too many young people are ill-served by the current system and a return to practical learning with an industry focus and relevant qualification can only be a positive.



Alistair Morris
Foodservice recruitment, Haywards Heath

In principle improving the vocational choices available to students has to be a good development. However, the acid test for the new diplomas - irrespective of how they will be ‘scored’ or recognised by Universities - is whether they materially improve upon the all too common situation currently faced by employers, where otherwise well qualified youngsters still lack key practical skills required in the workplace.