



# the insider

## Identity theft

### A growing menace for small and medium sized businesses

Over a third of small and medium sized businesses in the UK have been hit by identity theft, which at the last count was costing the UK economy over £1.2 billion a year!

Identity theft, or ID fraud, takes two forms:

- 1. Corporate ID fraud – where companies themselves have their identities hijacked by fraudsters who then trade in their name or worse still gain access to their bank accounts
- 2. Personal ID fraud – where individuals have their identities stolen and used to obtain credit, goods or other services fraudulently

Lax procedures in UK companies are contributing towards both kinds of fraud with devastating effects on both the organisations and individuals involved.

Shockingly, only 64 per cent of businesses have a clear policy on how to handle documents with sensitive information, while 40 per cent routinely risk their employees' and clients' identities by throwing away information that includes home addresses, phone numbers and photocopies of passports - all of which can be used by a criminal to steal a person's identity. Little wonder 97 per cent of employees believe their company does not completely protect their customers' identities!

Quite apart from the immediate financial consequences, businesses can suffer untold damage to their reputation if they are seen to be responsible for allowing ID theft to occur.

Clearly, there is considerable room for improvement here and all businesses should take measures protect themselves, their employees and their customers from identity fraud.

Here are some simple steps you can take straight away, extracted from the website [stop-idfraud.co.uk](http://stop-idfraud.co.uk), where you can find many more helpful ideas and resources:

- Sign up to Companies House PROOF electronic filing and monitoring services, which will help prevent fraudsters changing the names of your directors and effectively hijacking' your company
- Check your Companies House registration regularly and take immediate action if it has changed
- Create a clear set of guidelines and procedures for staff concerning the handling, storage and sharing of sensitive information, both on and off-line
- Always make sure that you and your staff properly destroy unwanted information
- Implement a clear-desk policy
- Always check the identity of your customers and any partners or vendors with whom you enter into contracts – before you sign the dotted line!
- Protect your mail to prevent fraudsters redirecting it, and make sure it is secured until you can collect it



## Don't be caught out by the VAT hike!

Be prepared for the increase in VAT that will take effect from 1 January 2010 when the standard rate will return to 17.5 per cent from its current rate of 15 per cent.

The change could not come at a more awkward time for many businesses for whom the holiday season is one of the busiest times of year.

Make sure that you are geared up for the change well in advance and that all your computer and accounting systems are adjusted accordingly.

You will need to be particularly vigilant with invoicing in the run-up to the changeover, and especially careful if you have ongoing work straddling that date.

Check with us if you are not sure how to proceed.

## Are you sitting on a time bomb?

Concerns are growing that some businesses that have taken advantage of the Government's 'time to pay' scheme by deferring tax payments might be sitting on a ticking time bomb as their new payment date approaches.

Almost two thirds of the arrangements made to date are for three months or less, and the worry is that for some businesses this grace period might not be long enough for their balance sheet to improve sufficiently to be able to make the payments.

To make matters worse, HMRC say they are tightening up on repeat requests for deferrals and requiring companies to explain what they have done in the meantime to improve their debt situation.

If you have arranged to defer tax payments and have concerns, contact us for advice now. The sooner you address the matter, the greater the chance of finding a satisfactory solution.



## Extension of paternity leave

The Government is proposing to give fathers the right to take up to six months paternity leave once the mother has returned to work, with three months being paid leave at the normal maternity rate, which is currently of £123.06 per week.

They propose to introduce the measure in April 2010 and have published a consultation document which can be viewed on the [berr.gov.uk](http://www.berr.gov.uk) website in the 'open consultations' section.

## Graduate interns for small businesses

The Government is to establish a special internship scheme aimed at helping smaller businesses recruit graduates.

Graduates who take part in the scheme will receive a weekly payment from the Government of £100 towards their wages. Employers will then top up the balance.

The new scheme is expected to create about 10,000 small business internships and university careers offices will help match graduates to the places available.

## Rising cost of compliance

Recent figures provided by the Forum for Private Business indicate that the administrative cost to small businesses of complying with employment legislation is fast approaching a staggering £2.4bn a year, making it the costliest administrative burden they face.

It is important to have streamlined and watertight procedures in place to keep these costs to a minimum and avoid incurring unnecessary penalties.

Do check with us if you need help or advice in this area.