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### Where did you hide the tax rises Darling?

Better than expected economic results were translated into a Budget that contained a number of political giveaways to tempt you to vote Labour in the forthcoming General Election. The increase in Entrepreneur's relief from £1 million to £2 million was definitely aimed at business owners. The real tax rises are likely to be more prominent

in the second Budget of the year, which is widely expected to occur after the General Election.

Alistair Darling's Budget speech skirted around the impending tax rises, previously announced. The Budget fine print contained a couple of the painful changes for the future, such as the new 5% Stamp Duty Land Tax rate from April 2011.

As usual there were masses of detail to wade through, 161 pages of budget notes, and 42 pages of press notices, not to mention hundreds of pages of supplementary documents, before you even consider the budget report itself. In this edition of Pay Less Tax we review the changes and what action you can take to save tax.

### 61% personal tax for the foreseeable future!

The 50% personal tax rate was confirmed as coming into effect from 6<sup>th</sup> April 2010 and is expected to be with us for some time. This will be one of the highest personal tax rates in Europe, which could have a serious impact for the competitiveness of the UK, not least for those businesses that meet tax on behalf of employees on certain benefits.

What the Chancellor omitted to mention was that for those with incomes between £100,000 and £112,950 they will effectively be paying 60% tax on that income. This arises because of the gradual withdrawal of the personal allowance for those with incomes over £100,000 from 2010. This may even increase to 61% if all of your income is earned income as a result of the extra 1% National Insurance. Or 61.5% from 2011 when the extra 0.5% increase in National Insurance kicks in.

Apart from the new 50% tax rate for incomes over £150,000 and the withdrawal of the personal allowance where total incomes exceed £100,000 the other limits and tax rates are largely unaltered.

Tip: If your personal income is likely to be between £100,000 and £112,950 in the tax year from 6<sup>th</sup> April 2010, then it may be worth looking at ways to reduce your income in that year to below £100,000, which could include making personal pension contributions.

From 6<sup>th</sup> April 2010 there will be an increase in the tax rate for Trusts to 50%. Many Trustees may wish to consider the impact of the tax increases and what options are available.

With the increase in the personal tax rate to 50% for incomes over £150,000, comes an increase in the tax payable on dividends. Prior to 6<sup>th</sup> April 2010 the top rate of tax payable on dividends is 32.5%. This will increase to 42.5% on dividends where the individual's income exceeds £150,000, which is an effective rate of around 36% on the net dividend payments.

Tip: For limited company owners we offer a remuneration review to identify the most tax efficient combination of options to extract funds from the company to minimise your overall tax burden.

### High earners will suffer on their pension contributions

From 6<sup>th</sup> April 2011 tax relief on pension contributions are to be restricted for high income individuals. The previously announced provisions are to be included in the 2010 Finance Bill. For people with income between £150,000 and £180,000 the tax relief on pension contributions, including employer contributions, will reduce gradually. For those with incomes over £180,000 they will suffer restrictions on their pension contributions so that they only receive 20% tax relief in the same way basic rate taxpayers do.

For the purposes of these changes income will be calculated before deduction or relief for pension contributions and charitable donations. For those in employment income will include the value of any pension benefit funded or eventually funded by their employer.

An individual receives relief at their marginal income tax rate on their pension savings. Relief for these high earners could be at 20% from 2011 instead of their new marginal rate of 50%. Broadly, for every £100 pension contribution from April 2011 it will cost the higher earner £80 rather than £60, as is currently the case.

In the meantime there are complex anti-forestalling provisions for those with incomes over £130,000 and making substantial pension contributions.

Tip: There may be a number of alternatives open to you depending upon your full circumstances. We would be happy to review your situation further and advise on your options.

### Inheritance Tax limit frozen

The current level for the Inheritance Tax nil rate band is to be frozen at the current level of £325,000 until 5<sup>th</sup> April 2015. The nil rate band is normally increased automatically each year in line with inflation unless an alternative nil rate band is provided for. Does this mean that the government doesn't believe that the Economy will recover before then?

Tip: We offer an Inheritance Tax Health Check to assess your current position and identify what action, if any, may be required.

### Investment limits for Individual Savings Accounts (ISA's) increase

As previously announced from 6<sup>th</sup> April 2010 the amounts that can be invested into ISA's will increase to £10,200 per tax year for all savers, of which up to £5,100 can be saved as cash. Although these higher limits have been available to those aged 50 or over from 6<sup>th</sup> October 2009, they will be available to everyone from 6<sup>th</sup> April 2010. This will increase the amount an individual can save without suffering income tax or capital gains tax on their investment.

From 6<sup>th</sup> April 2011 the ISA limits will increase annually in line with the Retail Prices Index for September preceding the start of the tax year.

Tip: As anyone 16 or over can open an ISA and earn interest tax free it is well worth older children considering opening an account.

Tip: All taxpayers may wish to consider having an ISA as there would be no income tax or capital gains tax on their investment.



### Entrepreneur's relief doubles from 6<sup>th</sup> April 2010

The good news for many business owners is that the lifetime limit for Entrepreneur's Relief will increase to £2 million from 6<sup>th</sup> April 2010. Where individuals or trustees make qualifying gains after 5<sup>th</sup> April 2010, they will be entitled to the new £2 million lifetime limit. This may be the sweetener before a possible increase in Capital Gains Tax rates after the election in May this year.

Tip: If you are looking to sell your business in the coming years then it may be possible to take action now to reduce the Capital Gains Tax further. The planning could include transferring shares to your spouse to make full use of their allowances and if possible double the amount of Entrepreneur's Relief available. However careful planning would be needed to make sure that the transfer was beneficial.

Tip: If you believe, as some do, that Capital Gains Tax rates may increase then it may be possible to secure your gain at today's rates.

### Stamp Duty Land Tax - the good and the bad

The good news is for first time buyers, who will not be liable to Stamp Duty Land Tax for residential property bought as their home up to £250,000. The measure is being brought in for 2 years from 25<sup>th</sup> March 2010 and is conditional on the first time buyers intending to occupy the property as their main home. The 1% rate will continue to apply for all other residential property purchases from £125,000.

The bad news for purchasers of residential property over £1 million is that the rate will increase to 5% from 6<sup>th</sup> April 2011. At present the highest SDLT rate of 4% applies to purchases where consideration exceeds £500,000.

#### Increased penalties for offshore tax evasion

Higher penalties are to be brought in from April 2011 for companies and individuals with undeclared offshore income or gains. As now, penalties will be based upon the behaviour of the taxpayer, the degree of disclosure and the amount of tax lost. However the penalties will also be determined by where the offshore income or assets are. The proposed changes could result in penalties of up to 200% of the tax for deliberate failures where a jurisdiction shares no information with HM Revenue & Customs.

#### Annual Investment Allowance doubled

From April 2010 the amount of Annual Investment Allowance (AIA) available will double to £100,000. The increase will take effect from 1<sup>st</sup> April 2010 for companies, and from 6<sup>th</sup> April 2010 for unincorporated businesses.

Where accounting periods span the date of change then the businesses will be entitled to claim the appropriate proportions of the current £50,000 limit and the new £100,000 limit. Businesses are free to allocate the AIA in any way they wish, leaving them free to maximise their tax savings by ensuring that the allowance is allocated against assets that would normally qualify for the lowest reliefs.

For some businesses investing more than £250,000 in plant and machinery it may be worth looking to take advantage of the first year allowances that will end shortly. It may be possible to claim the 100% AIA on the first £50,000 and 40% first year allowance on the excess. There will be certain conditions and exceptions, such as cars and assets to be leased will not qualify.

Anti-avoidance measures are being brought in to restrict losses that result from Annual Investment Allowances arising from certain arrangements entered into on or after 24<sup>th</sup> March 2010.

#### Company tax rates remain unchanged until 2011

The rates of corporation tax remain unchanged this year. The main rate of corporation tax will continue at 28% until 2012. The corporation tax rate for smaller companies is to stay at 21% until 1 April 2011 when it will increase to 22%. Despite this there are still significant tax savings to be enjoyed by transferring a business into a company.

#### First Year Allowances for zero carbon vans

A 100% First Year Allowance will be available for businesses buying new zero-emission goods vehicles. The measures are intended to come into effect from 1 April 2010 for companies and 6 April 2010 for unincorporated businesses. The vehicle cannot produce CO<sub>2</sub> emissions when driven and should be primarily suited to the conveyance of goods and burden.

#### Benefits in kind for zero emission vehicles and low emission cars

From 6<sup>th</sup> April 2010 where an employee is provided with a company car or van that cannot produce CO<sub>2</sub> emissions when driven then the employee will not suffer a benefit in kind for personal use of the vehicle.

If the company car provided produces emissions of 75g per kilometre or less then the appropriate percentage used to calculate the benefit will be 5%. This percentage is multiplied by the car's list price to establish the amount of benefit in kind that the employee would be charged for private use.

#### Other issues for businesses.

The Business Payment Support Service and Time to Pay arrangements are to continue through the next Parliament. For larger businesses where the debt exceeds £1 million then an independent review will be required.

Legislation is to be brought in to target employers who have a serious history of paying late or not paying their pay as you earn (PAYE) or national insurance liability. The measure will allow HM Revenue & Customs to require financial security from the offending employers. This would be in line with the current practice for VAT. We are assured that the measure is for serious risk cases and not innocent employers who merely need time to pay.

#### Increase in Child Tax Credits

On top of the already announced increases to Tax Credits from 2010, further increases to Tax Credits are proposed, but not until 2012. Families with one and two year olds are to receive an additional £4 per week in Child Tax Credit from 2012.

**Tip: Consider making a protective claim for Tax Credits now. Your Tax Credits claim is based on the prior tax year unless there is an increase in your income in excess of £25,000. You could, alternatively, claim for your assessment to be made on your current income levels. It can be worth considering your claims carefully to ensure that you don't lose out.**

#### VAT Registration and Deregistration Limits Increase

From 1<sup>st</sup> April 2010 the threshold for registering for VAT will increase to £70,000 and the deregistration limit to £68,000. The VAT rates have been left unchanged, however it is being reported that the standard rate may increase from 17.5% to 20% this summer.

**Tip: Consider using the flat rate VAT scheme if your business has few costs and turnover is less than £150,000 per year. The calculations of what VAT is due are much simpler and in some cases can provide a tax saving.**

**New VAT fuel scale rates** for taxing private use on fuel provided will apply for returns beginning on or after 1<sup>st</sup> May 2010. The scale charge for a particular vehicle is determined by its CO<sub>2</sub> emissions figure.

Tip: Instead of paying for fuel, consider paying a flat rate mileage allowance to employees for business journeys, whether they use their own car or are provided with a company car. Providing the rates used are within HMRC guidelines then the employee will not suffer any tax. The business can currently reclaim input VAT based upon the fraction 7/47 of the gross mileage payments made. As the mileage allowances will not be paid for private journeys then no VAT fuel scale charges would apply.

#### We can help

Despite the Chancellor's speech not containing a lot of changes the press releases and other documents give a more detailed picture. It is widely expected that a second Budget will immediately follow the election in May which could serve to complicate matters further.

We can guide you through the complexities of the legislation and help you to pay much less tax.

So if you would like to discuss ways in which we can help you to make tax savings, or if you would like to discuss any of the issues identified in this edition of 'Pay Less Tax' please do not hesitate to contact us.

#### Worried about higher personal tax bills?

The new 50% tax rate for those earning over £150,000 has brought personal taxes to the forefront of many tax planning discussions. Whether earning more than £150,000 or not, many individuals are becoming concerned about the amount of personal taxes that they are paying on their incomes.

There are a number of income levels above each of which the rate of income tax you would pay will increase.

- Where total annual income is between £43,875 and £150,000 then the rate of 40% will apply, subject to the exception below. However when combined with National Insurance this will increase the tax rate to 41%.
- People with total annual incomes between £100,000 and £112,950 will suffer tax at a staggering 60%, which could be increased by a further 1% to 61% if they are liable to National Insurance. The reason for such a high tax rate is that these individuals will have their personal allowance reduced by £1 for every £2 of income over £100,000, adding an extra 20% to their 40% Tax rate.
- People with annual incomes above £130,000 could be caught by the new pension anti-forestalling provisions.
- Where total income exceeds £150,000 then a tax rate of 50% will apply, which could be increased to 51% if National Insurance becomes due.

Depending upon the level of your income, you may wish to consider keeping your taxable income below one of these levels. There are a number of solutions which you may wish

to consider, a few of which are given in overview below.

#### Individuals

One option is to convert income to capital, as Capital Gains Tax is only 18% which may be lower if reliefs, such as Entrepreneur's Relief, are available. With the increase in Entrepreneur's relief to £2 million and the increase in the top rate of income tax to 50%, this may become a common theme in many tax planning ideas. The rule of thumb could be applied to investments; however there are risks that would need to be taken into account, the first of which is that the value of an investment could go down as well as up. The second is that the rate of Capital Gains Tax could increase in the future.

You could consider making investments where the income return is deferred in the hope that when you do receive the income, tax rates will have fallen and reduce your tax bill. If your spouse has less income than yourself, then it may be worth considering transferring some investments into their names. We can refer you to an appropriate Financial Adviser to help you plan for the difficult times ahead.

Alternatively if you were thinking of some inheritance tax planning which includes transferring investments down a generation, whether directly or in a structure, then now may be an appropriate time to consider this further.

Should you be making charitable contributions then by gift aiding these the level of your taxable income will reduce.

#### Self employed

Whether you are self employed on your own or in partnership with others you may wish to consider ways to reduce your own tax burden.

One option is to consider is bringing your spouse into the business. If total income is in the order of £300,000 then bringing your spouse into the business could reduce the overall tax bill by up to £15,000.

Another option is to consider transferring the full business into a limited company, by incorporating. This will allow you to control the level of your own personal income and the marginal rate of tax that you are personally liable for. See below for options on how you could receive money from your company.

A further option is to bring a corporate partner into the business, perhaps because you are not able to transfer your full business into a company. If you are a sole trader then this could not only provide you with the opportunity to save tax, but also enjoy limited liability, through a Limited Liability Partnership with a corporate partner. You will continue to pay personal tax on your share of income at whatever rate is applicable to your income levels; whilst the company will pay tax at company rates.

### Running your own company

If you run your own business through a limited company there are a number of options open to you depending upon circumstances:

- You could keep your personal income between or below thresholds by adjusting your salary and dividends. You have the flexibility to decide the level of your own personal income, irrespective of what profits the company makes. This may result in leaving surplus cash in the business which could be taken at a later date if tax rates reduce again or perhaps you could consider alternative methods of extracting this surplus cash.
- If you are a higher earner then perhaps you could consider capping your salary at £150,000 and taking the excess profits as a dividend. The top rate of tax for dividends paid is only 36% for those individuals with total annual income in excess of £150,000. This is cheaper than the possible 51% tax and National Insurance on your salary.
- You could consider bringing family members in as shareholders. They do not need to work in the business to justify receiving a share of the profits. Dividends to individuals with total annual incomes over £43,875 would only pay an effective tax rate of 25% on dividends received. If their income (including the gross dividend) is below this limit then there is no personal tax to pay. There are practical as well as tax issues to consider, including settlements legislation and the previously proposed income shifting rules.
- You could consider bringing in family members and pay them a salary. However they would need to be actively working in the business and the level of their salary must be reasonable for the duties that they perform.
- You could consider borrowing money from the company. You would suffer a benefit in kind on the funds borrowed in excess of £5,000. If you are earning over £150,000 the effective annual rate of tax would be around 2.4% at the moment. However there are practical and tax implications of this option. For instance the company would be liable to pay over with the annual corporation tax bill 25% of the amount you had borrowed and not paid back.
- You could consider more advanced tax planning methods, such as Employee Benefit Trusts (EBT's), Employer Financed Retirement Benefit Schemes (EFRBS) or Remuneration Trusts. We have teamed up with a number of tax experts in the UK to bring leading edge advanced tax planning strategies to you... strategies that can save many thousands of pounds in tax. Please do not hesitate to contact us if you are interested in discussing these further.

### The early bird could save thousands in tax

Despite some major tax changes recently, with the overhaul in the taxation of non-domiciliaries and capital gains tax, we are still in a period of huge uncertainty both in the economy and the tax horizon.

We already know of expected tax rises coming, including the new 50% income tax rate for individuals with incomes over £150,000. What is uncertain at this stage is what further tax rises are around the next corner. Which means ignoring tax traps, or being unaware of tax breaks, could be extremely costly going forward. Early planning could help save you thousands in unnecessary tax.

As everyone's circumstances are different, and the rules are constantly changing, we would be delighted to talk to you in detail about how the rules apply to you and how you could save tax. We want to help you pay your fair share of tax... and not a single penny more!



### Buying or selling commercial property?

You may think that the best time to get an accountant involved with the sale or purchase of a commercial property is after the deal has completed. Whilst it may save some fees, it could be very costly in terms of tax. That's just a blatant plug for your services we hear you say, well perhaps it is, but I am more interested in how we can save you significant amounts of unnecessary tax.

A true story was recently relayed to Thorne Widgery. A care home business had expanded and purchased two new care homes for £2.5 million. A clause in the contract and side election had bound both the seller of the properties and the care home business purchasing the properties to a value for certain fixtures and integral features of the properties. The value given did not change the overall amount of monies that changed hands as part of the transaction.



However the value used for the integral features and fittings seems to have given the vendor a tax windfall and unnecessarily increased the tax burden for the care home business by up to £200,000. Although the care home business could make a claim to capital allowances for the integral features it had acquired, and it could easily justify

the claim with the substantial amount of fixtures and features within the properties, it could only use the amount agreed in the purchase. This has lost the care home business up to £200,000 in tax that it could have claimed for.

Although the clause in the contract and election does not directly affect the price paid for the properties, we're sure that if the owner of the care home business knew of the potential impact on his tax bill then he may have looked to negotiate down the purchase price (recouping some of his lost tax breaks and potentially saving Stamp Duty Land Tax). Alternatively he could have looked to either rephrase the clause or include a higher value, thereby allowing the care home business to make substantial capital allowance claims on these fixtures and integral features. Even though in this case it is the purchaser that has lost out, it could as easily been the vendor.

**Tip:** Whenever buying or selling a commercial property, always consider VAT issues, Stamp Duty Land Tax, Capital Gains Tax and last but not least the Capital Allowance position. All of which can have a significant impact on your tax position and a serious impact on the commerciality of the deal. These should all be considered, ideally, before negotiations start.

#### Share opportunities in current market

There has probably never been a better time in recent history to let employees have shares in the company. Share values are low and cash flow is tight, and so rewarding and retaining key individuals through the use of share options or direct acquisition of shares can be an attractive proposition for all concerned. For the employees acquiring shares or receiving options now, when values are low, means that they ultimately pay less for them, or their tax bill is minimal.

#### Approved share options

One route is the Enterprise Management Incentive (EMI) Scheme, which is a tax efficient, HMRC approved, share option scheme. It is designed for privately owned trading companies. Certain conditions need to be met by the company and employee in order to qualify for the scheme. Options do not need to be granted at market value, but there will be income tax implications for the relevant employees if not. Performance and other conditions can be included and many EMI options are structured as "exit" based such that they cannot be exercised until a company sale - this achieves the twin goals of incentivising and retaining key employees whilst not giving up any of the company shares until necessary. Should an employee leave before exercising the option then they could be excluded from ever receiving shares. The only cost to the business right now would be to set up the scheme.

#### Issuing shares

If the company would prefer to issue shares directly to the employees or if the qualifying conditions for the EMI scheme cannot be met then other options could be considered, including partly paid shares. Where an employee acquires shares at less than market value an income tax charge will arise on the discount. With partly paid shares full market value is paid for them but a call for

the payment is not made until a later date. There will be a beneficial loan but the benefit on kind charge on this would be mitigated if it is a qualifying loan.

**Tip:** Consider providing key employees with growth shares that will only benefit from increases in the value of the company after they are acquired. This can incentivise key employees without the need to give them part of the value built up to date.

#### We can help

Despite statements about simplifying the UK tax system, the truth is that it gets increasingly complex each year. But we can help. We can guide you through the complexities of the legislation and help you to pay much less tax.

So if you would like to discuss ways in which we can help you to make tax savings, or if you would like to discuss any of the issues identified in this edition of 'Pay Less Tax' please do not hesitate to contact us.

#### Consider changing your business year end

If profits are falling and you are a sole trader or partnership then it may be worth looking at changing your business year end. For example if your sole trader business year end is normally 30 April and profits have fallen this year, then by changing your year end to 31 March we can have that fall in profits recognised earlier for tax purposes, thereby reducing your tax bill earlier.

#### Consider incorporating to pay pension contributions

If you are a sole trader or partnership, and your share of income is in excess of £150,000 and you want to make pension contributions into a registered pension scheme then you will be caught by the new pension provisions where tax relief will be limited to 20%.

These new rules are proving to be a big headache for many. However by transferring your unincorporated business into a limited company not only could you make significant annual tax savings on the profits, but you may be able to make pension contributions. We would be happy to provide an incorporation review identifying the possible tax savings and discuss how tax relief on your pension contributions can be maximised.

#### Avoid IR35 biting your business

If your limited company or partnership provides your services then you may need to consider the IR35 position for your business. Unfortunately it is easier said than done. Although the impact of being caught by the legislation is clear, whether a business is actually caught is much more subjective. On top of this whether a business is caught can change during the lifetime of a contract. Although the legislation was initially aimed at the construction and IT industries, its impact is not confined to these alone.

Some believe that HM Revenue and Customs (HMRC) are under resourced and an investigation into their business unlikely. Unfortunately HMRC are becoming more targeted in its methods for establishing those service businesses earning substantial incomes. There are a number of options open to ensure this risk is reduced or in some cases

eliminated. The solutions can range from reviews of contracts and working practices to more elaborate planning, depending upon circumstances. However it is safe to say that burying ones head in the sand is not one of them.



#### Tax savings don't stop at 65

If you are 65 or over, then depending upon your level of income and circumstances there may be ways to reduce your tax bill. If your income exceeds £22,900 then you may wish to consider changing some of your investments from income producing (assuming they are producing an income currently) to capital growth investments to save you tax. Of course you would need to speak to a financial adviser to ensure it is suitable for you and that suitable capital growth investments can be sourced.

If you are married and at least one of you 65 or over then it may be possible to organise your income and investments between you to maximise the amount of age related allowances that are available to you.

Another option, if you are between, 65 and 75 is that you could consider making pension contributions to bring down your taxable income and again increase the amount of age related allowances available to you. Again financial advice should be sought first.

#### Cash is king

In the current climate it is more important than ever to watch the purse strings. HM Revenue & Customs may be doing just that by delaying tax repayments to taxpayers. The official response is that delays are caused by security checks which seem to take weeks, if not months for some. Whatever the reason rather than pay the tax now and try and reclaim it later, it is better now to pay it in the first place.

For some individuals it may be worth considering making a claim now to reduce their payments on account of this years tax liability in January 2010 and July 2010. If your unincorporated business profits have fallen this year, losses are likely in the current year or you are taking less out of your company this year, then it may be worth making a claim to reduce your payments on account and help improve your cash flow. However in order to make the claims now, rather than try and reclaim the tax after your 2010 Tax Return is completed, we will need to review your income and allowable outgoings to date and estimate these

amounts as soon as possible. Claims should ideally be made sooner rather than later.

#### Tax avoidance mixed messages

You may be aware that HM Revenue and Customs (HMRC) doesn't like advanced tax planning or schemes of any sort. Tax planning at this level will often attract special attention from HMRC. Despite this HMRC certainly doesn't always win in the end and there are various tax cases to prove it.

For example despite HMRC winning at the earlier stages, when the case of *Smallwood v HMRC* reached the High Court last year, HMRC eventually lost. The case involved a trust that became resident in Mauritius and capital gains being realised offshore.

The judge's initial words were blunt. He said, "The combined effect of those steps, if the **trick** worked, would be that the sale would attract no capital gains tax by virtue of detailed provisions to which I shall come in due course...". The judge then analysed the legislation carefully and concluded that the scheme did indeed work. This is helpful evidence that advanced tax planning does succeed. If the letter of the law is not broken and the plan is implemented correctly then tax can be avoided. Before undertaking any planning, advanced or otherwise, it is always worth ensuring that you are comfortable with the issues and close attention from HMRC.

#### Are you ready for the VAT changes?

From 1 April 2010, all businesses including new businesses with an annual turnover of £100,000 or more will be required to file their VAT returns online and pay their VAT electronically. Smaller businesses will still be able to file paper VAT returns for now. Businesses that file their own VAT returns will need to register for VAT online prior to April 2010, using the last VAT return filed and the date the business registered for VAT (which is shown on the VAT registration certificate). Also those businesses that still pay their VAT by cheque need to be aware that HMRC requires the cheque to have cleared by the due date, which requires the VAT Return and cheque to be to be posted several days earlier than previously was the case.

#### Furnished holiday lettings

Following the Budget 2009 announcement that the special rules applying to Furnished Holiday Letting businesses were to be repealed in April 2010 and whilst this was confirmed in the recent budget, it now appears that the Government has agreed to drop these changes.

#### Minimum wages reminder

As of 1 October 2009, minimum pay increased.

Age Range	£
22 & over	£5.80
18 - 21	£4.83
16 - 17	£3.57

#### **PAYE and online filing**

As of April 2010 for PAYE either a nil submission must be submitted or a payment, otherwise a fine/interest will be incurred. HMRC will now charge a penalty for late paid PAYE/NIC during the tax year.

All in year paperwork must be filed online, i.e. P45's & P46's.

2008/09 was the last year for the online filing incentives.

IF WE CAN HELP WITH ANY OF THE ITEMS IN THIS NEWSLETTER, PLEASE CALL OUR TAX MANAGER JERRY COWDERY ON 01432 276393.

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