

Newsletter of 14 April 2009

Tax return filing dates

The filing dates for filing tax returns this year remains:

31 October: for paper returns by post.

31 January: for returns submitted on line

Clients are asked to forward their tax return information as soon as it is available to avoid last minute problems.

Reasons for preparing and filing returns early:

- Obtain a tax refund: individuals changing employment or made redundant during the last tax year may have overpaid tax which can be reclaimed on submission of a return, if trading losses have been incurred a return will be required to offset losses against other income;
- To enable profits to be determined and reduce payments on account if income has fallen (see below);
- Easier to prepare while information readily available. Peace of mind of meeting deadlines rather than last minute rush!

Payments on account

The second payment on account for last year is due by 31 July 2009 and HMRC will be sending statements out in June detailing the amounts due. If you think that your income has fallen significantly it is possible to apply to reduce the payment on account, however care should be taken as if an underpayment arises interest will be charged on the underpayment. Clients who believe their income was significantly reduced last year and would like us to review the level of the payment on account should ensure we have all the relevant tax return details by 31 May.

Forthcoming budget

This year's budget is next week on 22 April and we will be producing a newsletter covering key points arising from the budget afterwards.

Online VAT returns

From 1 April 2010, most VAT returns will have to be filed online. All business with a turnover over £100,000 and all those registering for VAT after 31 March 2010 will be required to file their VAT returns electronically. Registration for online VAT returns is via the HMRC website <http://www.hmrc.gov.uk/index.htm> . It is recommended that businesses register and start to file online well in advance of the deadline next and we will be discussing the registration process with affected clients over the summer.

New penalty rules may significantly increase fines for incorrect returns

From April 2009 the level of penalty for errors on a tax return resulting in a loss of tax or excess claim for losses, will depend on the behaviour that has caused the error. No penalty will arise for simple mistakes, however unacceptable behaviour is categorised as:

- Careless action;
- Deliberate action;
- Deliberate action with concealment

The borderline between mistake and careless is likely to be hard to establish and HMRC may have a different view to many taxpayers. The scope for HMRC discretion will be reduced with minimum penalties set by law as follows:

Careless action:	0 - 15 – 30%
Deliberate action	20 – 35 – 50%
Deliberate action with concealment:	30 – 50 – 100%

The first level of penalty is for unprompted disclosure, the middle is the minimum for prompted disclosure and the third the maximum penalty.

It is clear that there is scope for increased penalties and accuracy in preparing tax returns is vital. Individuals and businesses will need to show they have taken reasonable care in preparing their tax returns and accounts, part of this will be to have adequate accounting records kept and retained generally for at least 6 years.

Impending deadlines

19 April 2009

PAYE for 2008/09 due by 19 April.

30 April 2009

Private companies with 30 June 2008 year-ends should file their accounts at Companies House.

Corporate tax returns for periods ended 30 April 2008 should be filed by concession no penalty is charged if the return is submitted by 7 May 2009.

19 May 2009

Form P35 employers annual returns need to be filed by 19 May.

31 May 2009

Private companies with 31 July 2008 year-ends should file their accounts at Companies House.

Corporate tax returns for periods ended 31 May 2009 should be filed by concession no penalty is charged if the return is submitted by 7 June 2009.

6 July 2009

Form P11D and form P11D (b) return of expenses and benefits to be submitted by 6 July

19 July Class 1 A National insurance due.

For more information or to discuss how the ideas can be applied to your particular situation please contact Simon Bell by phone on 01376 571358 or email simon.bell@sjbtax.co.uk . For copies of previous newsletters or details of our services please visit our website www.sjbtax.co.uk

Please feel free to forward this newsletter to any colleagues or friends who may be interested in it or refer them to our website www.sjbtax.co.uk

This newsletter is written in general terms and therefore cannot be relied on to cover specific situations; applications of the principles set out will depend on the particular circumstances involved and it is recommended that you take professional advice before acting or refraining from acting on any material in the newsletter.

If you do not wish to receive further newsletters please email simon.bell@sjbtax.co.uk and put unsubscribe in the subject line.