

Newsletter of 17 August 2008

Tax return filing dates – 31 October deadline for paper returns

The filing date for filing tax returns by post has been brought forward to **31 October** this year. The deadline for online returns remains 31 January, however some types of return cannot be filed on line and difficulties may arise if these are not filed by 31 October. Clients are asked to forward their tax return information as soon as it is available and **no later than 15 September** to avoid last minute problems arising.

Additional personal allowance for 2008/09

The personal allowance is being increased by £600 for the current tax year to offset the removal of the 10% tax rate band. The additional allowance will be worth £120 to basic rate tax payers and for PAYE taxpayers will start to be reflected in earnings from 7 September. Higher rate tax payers will not benefit as the higher rate starting point is being reduced to offset the increased personal allowance.

Employers will need to adjust their payrolls from 7 September and should have received advice from HMRC of the changes to be made. Details are on the HMRC website at:

<http://www.hmrc.gov.uk/employers/epa.htm>

Higher personal allowances for the over 65s

The personal allowance for individuals aged 65 to 74 increased in April this year from £7,550 to £9,030 and for those aged 75 and over from £7,690 to £9,180. Individuals may find themselves no longer subject to tax as a result of the increases and so may be able to register to receive bank interest without deduction of tax. Couples may wish to review their assets to transfer income to a spouse who could benefit from the higher allowances.

Advisory fuel rates

HMRC increased the rates at which employers can reimburse company car drivers for fuel used for business mileage from 1 July 2008 (although due to the recent increases in fuel prices the new rates could be introduced from 1 June). These rates can also be used to calculate the VAT recoverable on business mileage claims. See HMRC website for the revised rates:

http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

Capital gains – potential to defer prior year gains to benefit from 18% tax rate

The reduced tax rate of 18% came in from 6 April 2008. Tax payers can defer capital gains by reinvesting the proceeds in to Enterprise Investment Scheme shares within 3 years of making the capital gain. If individuals have paid capital gains tax at say 40%, by reinvesting the capital gain within 3 year in an EIS investment the gain can be deferred and on the subsequent disposal of the EIS shares the deferred gain should be taxed at 18%.

Investment in EIS shares benefits from 20% income tax relief providing shares are held for 3 years and after two years EIS shares may benefit from inheritance tax (IHT) business property relief making them potentially attractive to shelter wealth from IHT.

For more information contact Simon Bell FCA, CTA
tel: 01376 571358 | email: simon.bell@sjbtax.co.uk

If you have made capital gains in the last three years and wish to consider deferring the gains please contact us for further information on the tax benefits of EIS investments, if appropriate we can introduce you to an independent financial adviser to advise on potential investments.

Professional subscriptions

Tax relief is available for subscriptions to professional bodies provided they are on the HMRC approved list. Relief is available either as a deduction from Schedule E income for employees or as a trading expense for the self-employed. Details of approved professional bodies can be found on the HMRC website at: <http://www.hmrc.gov.uk/list3/index.htm>

Personal pensions

Tax payers who make personal pension contributions receive basic rate tax relief at source as contributions are paid net of basic rate tax. Higher rate tax relief has to be claimed, generally by submitting a tax return. Individuals who took out a personal pension when basic rate taxpayers and have subsequently become higher rate tax payers should ensure that they have claimed all reliefs due. If you have any concerns with regards to pension contributions relief please contact us.

Gift Aid – struggle to keep track of payments?

Tax payers should keep a record of gifts to charities under gift aid to record on their tax returns – higher rate tax payers will receive additional tax relief equal to 25% of payments made on submission of their tax returns. Payments to certain membership organisations e.g. The National Trust also qualify for gift aid tax relief.

Individuals can use the services of the Charities Aid Foundation (CAF) or similar bodies to reduce record keeping. A payment is made to CAF who recover the basic rate tax relief and you are provided with a “cheque book” to make payments to the charities of your choice – when it comes to completing your tax return, the payments to CAF qualify for gift aid relief and there is no need to provide details of payments to individual charities. Further details can be obtained from www.cafonline.org.uk or please talk to us. We have a supply of vouchers to use when opening an account which should entitle you to have £25 added to your account that we will be pleased to forward.

Impending deadlines

31 August 2008

Private companies with 31 October 2007 year-ends should file their accounts at Companies House.

Corporate tax returns for periods ended 31 August 2007 should be filed by concession no penalty is charged if the return is submitted by 7 September 2008.

30 September 2008

Private companies with 30 November 2007 year-ends should file their accounts at Companies House.

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Corporate tax returns for periods ended 30 September 2007 should be filed by concession no penalty is charged if the return is submitted by 7 October 2008.

In England, closing date for business rate payers to make new claims for Small Business Rates Relief for 2007/08

31 October 2008

Deadline for filing 2007/08 self assessment tax returns by post.

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

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