

Newsletter of 25 October 2008

LESS THAN ONE WEEK TO GO! – 31 October deadline for paper returns

If you are planning to file your tax return on paper by post the deadline is the end of the month. If you are posting your return make sure you leave sufficient time for it to arrive and it is always worth requesting a proof of posting from the post office. The alternative is to hand deliver returns to your local HMRC office if you are close to the filing deadline. The deadline for online returns remains 31 January. Clients are asked to forward their tax return information if they have not already done so as soon as possible and no later than 30 November to avoid last minute problems arising.

Remember to include all sources of income, otherwise you risk incurring interest and penalties if HMRC discover you have omitted items from your return. Equally do not forget to claim all reliefs and deductions e.g. pension contributions, gift aid payments, professional subscriptions, fixed rate expenses

Take advantage of the credit crunch to make gifts to family members

Individuals who have been deterred from giving away substantial assets due to the capital gains tax cost of gifts may wish to review their position. With recent falls in share prices, there may be capital losses which can be realised to offset gains on other assets e.g. property combined with the changes in capital gains tax which result in a lower tax rate for many, the tax cost of giving away assets may be lower than previously. Where significant gains still remain, investment in shares qualifying for EIS relief may enable the gain to be deferred.

Temporary exemption for Stamp Duty Land Tax (SDLT)

As a measure to help the housing market, the government has introduced a temporary increase in the nil rate band for SDLT for residential property. For the period 3 September 2008 to 2 September 2009, the nil rate band for SDLT has been increased from £125,000 to £175,000.

Is your Will up to date?

Do you have a will and if so has it been reviewed recently? If you care what happens to your assets when you die it is important to have an up to date will. Many people include their home in their will but with homes frequently being sold to pay for care home fees, there may not be a home to leave. It is recommended that wills are reviewed on a regular basis and to reflect major life changes. Certain events will invalidate or render a will inadequate e.g. marriage or divorce. Wills are particularly important for those cohabiting as there are usually no automatic provisions to provide for such partners; or if you have children to avoid uncertainty as to who will provide for them. We will be pleased to discuss the tax implications of your will and have contacts with Solicitors who can assist with drawing up a will.

HMRC enquiries to landlords

With the significant growth in the number of landlords in recent years due to the popularity of buy-to-let, the Revenue have become aware that not all landlords are reporting their letting income and that those who do make returns may be making incorrect returns. Popular areas of enquiry are interest expense and incorrectly claiming tax relief on capital repayments and the inclusion of capital improvements as repairs and maintenance. Individuals should ensure that they report all rental income and that deductions claimed are valid. Please contact us if you have any queries on the treatment of rental income.

National minimum wage

Business owners should be aware that the national minimum wage increased from 1 October 2008. The rate for employees aged 22 or over is now £5.73 per hour, further details on rates for younger employees can be found on the Revenue website www.hmrc.gov.uk

For more information contact Simon Bell FCA, CTA
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Christmas parties

With Christmas fast approaching it is worth remembering that the annual Christmas party is potentially a tax free benefit providing the limits are observed. The limit is £150 per head per person attending, the total cost of an event including VAT has to be included and if the cost exceeds £150 then the whole cost is regarded as a benefit in kind. It is important to ensure the costs are carefully monitored as if the limit is exceeded and the company picks up the tax bill it can be expensive! It should be noted that the Christmas party exemption does not just apply to events at Christmas and is not confined to large companies, even the smallest can make use of the exemption though companies with one employee should be prepared for questions.

Fake HMRC emails

HMRC have warned taxpayers that they are aware of emails being sent offering tax rebates or requesting online forms to be completed to receive a rebate. HMRC has confirmed that they do not email taxpayers about tax credits and refunds and that anyone receiving such emails should not follow the links or disclose personal information.

Impending deadlines

31 October 2008

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

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

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

30 November 2008

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

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

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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