



chartered accountants & business advisers
MORE THAN ACCOUNTANTS

Tax E – News

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Welcome to our tax newsletter, designed to keep you informed of the latest tax issues. We hope you enjoy reading these tax tips; and remember - we are here to help you so please contact us if you need any further information on any of the topics covered.

TAX CHARGE ON TAKING A LOAN FROM A CLOSE COMPANY – MORE BAD NEWS TO COME?

As I have mentioned in previous editions of the Tax-E-News, there has been a tightening of the rules regarding the receipt of a loan from a close company. The company can be taxed 25% on the amount of a loan drawn by a shareholder which is still outstanding more than 9 months after the end of the company's accounting period. At that stage the payment is merely a refundable bond.



We now find that they are looking at a possible increase in the tax charge, from 25% to perhaps 40%. A completely different approach suggests a reduction in the tax charge to 5%, but with no tax refund when the loan is repaid. All of these changes mean it will be important to keep all directors' loan accounts up to date in terms of identifying money in and money out, and the sources of the latter.

YET MORE HMRC TASKFORCES LAUNCHED

HMRC have announced 4 new taskforces that will investigate tax evasion in specific commercial and geographical sectors. The taskforces bring together various compliance and enforcement teams for what they term "intensive bursts of targeted activity".



The new taskforces will investigate the following:

- Construction industry in London (expecting to raise £3 million)

- Security guards, bouncers and their employers in London and the South East (expecting to raise £10 million, with fraudulent VAT repayment claims identified as an increased risk in this sector)
- Second-hand motor traders in the Midlands (expecting to raise £3 million)
- Hidden wealth / "means" issues in the Midlands (also expecting to raise £3 million from comparing lifestyles to known assets)

As always, if you know anyone involved in the above sectors who are having tax concerns, please ask them to contact us for help.

EXPENDITURE WHICH HAS A DUAL PURPOSE

This has always been a major bugbear of the tax rules, as where there is both a business and a personal reason or benefit in meeting an expense, there is no tax relief on any of it. There are a few exceptions; for example, if the expense can be properly split between business and personal (motor expenses is an obvious example), you receive tax relief on the business portion.

Unfortunately, recent case law demonstrates that despite the changes in communications and the way in which people run their businesses, the courts are unwilling to apply the rule in a sensible or more up to date manner. We will always claim tax relief in the best possible way whenever business and private expenditure gets mixed, so that you do not lose out while staying within the rules.



BENEFIT OPTIONS FROM YOUR PENSION SCHEME

With annuity rates still not looking attractive for most of us, it is vital that all of the options are considered. The number of options continues to increase to ensure maximum flexibility, as in this area one size does NOT fit all! In looking at the options, the tax position must always play a large part. We can advise on this by reference to your own requirements. For example, taking benefits in some ways can create a tax hit of 55%, but in others can ensure a tax charge simply at your top tax rate.



A NEW TAX BREAK FOR MARRIED COUPLES AND CIVIL PARTNERS!

Its a long way off but if you are a married couple or civil partners you will receive an extra tax allowance from 6 April 2015. One person will receive it but up to £1,000 can be transferred to the other partner. You will have to apply online and you receive a full year's worth of the allowance if you marry during the year. This applies to those earning below the 40% tax rate band and in that year it is expected to be £42,285.

I will tweet more details when they are announced.

COMPANY CAR ADVISORY FUEL RATES

These are reviewed each quarter on 1 March, 1 June, 1 September and 1 December. They have shown very little change in recent times, but the new rates from 1 September 2013 do show a modest increase (reduction for LPG) in some situations. Where a change applies, the previous rates are shown in brackets:

engine size	petrol	diesel	LPG
1,400 cc or less	15p		10p
1,600 cc or less		12p	
1,401cc to 2,000cc	18p (17p)		11p (12p)
1,601cc to 2,000cc		15p (14p)	
over 2,000cc	26p (25p)	18p	16p (18p)



TAX DIARY OF MAIN EVENTS FOR OCTOBER / NOVEMBER 2013

Date	What's Due
1 October	Corporation tax for year to 30/12/12
19 October	PAYE & NIC deductions, and CIS return and tax, for month to 5/10/13 (due 22 October if you pay electronically)
1 November	Corporation tax for year to 31/01/13
19 November	PAYE & NIC deductions, and CIS return and tax, for month to 5/11/13 (due 22 November if you pay electronically)

DISCLAIMER - PLEASE NOTE: The ideas shared with you in this email are intended to inform rather than advise. Taxpayers' circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred. References to specific commercial or non-commercial products, processes, or services by trade name, trademarks, manufacturers or other does not constitute or imply an endorsement, recommendation, or favouring by AR Accountants. The views and opinions of the authors of content published does not necessarily state or reflect the opinion of AR Accountants, and cannot be used for advertising or product endorsement purposes.