



NEWSLETTER 10 February 2009

BUSINESS SUPPORT SERVICE FROM HMRC

Taxpayers can delay tax payments

Taxpayers who are experiencing difficulties in meeting their 31 January tax bills can ask to delay payment.

The Business Payment Support Service (BPSS) was set up by the Chancellor in the pre-Budget Report to help businesses cope with the financial pressures of the economic downturn. Those firms struggling to pay their tax bills can defer payment of **VAT**, **corporation tax**, excise duty and **income tax** without facing penalty charges.

HM & Revenue and Customs (HMRC) have confirmed that the BPSS scheme is open to the country's 10 million individual self assessment taxpayers, including freelancers, contractors and those who receive income from buy-to-let properties.

Normally, self assessment payments due by 31 January but not made by the end of February would attract a 5 per cent surcharge on the unpaid sum.

However, taxpayers who are given permission to delay payments, while not incurring a penalty, will still have to pay interest on the outstanding amounts.

HMRC say that they can give a decision within 10 minutes of a call to the helpline

Interest is levied on the unpaid amounts but this running at very low rates at present. Many businesses are taking advantage just to give them a "cushion" during 2009.

A HMRC spokesman said: "The service is primarily available to companies and self-employed people, but can be used by anyone who is having difficulty meeting their tax liabilities. We're urging all those who think they may not be able to pay what they owe by 31 January to contact us."

The Business Payment Support Line can be contacted on 0845 302 1435. The line is open Monday to Friday from 8.00am to 8.00pm, and on Saturdays and Sundays from 8.00am to 4.00pm.



Is the Flat Rate Scheme still right for you?

The flat rate scheme (FRS) for VAT registered businesses can save businesses VAT by blocking recovery of purchase VAT and offering a lower payment of sales VAT to compensate. Many businesses operate this scheme who have high turnover but relatively low VATable costs (e.g. consultants who work from home).

The credit crunch has seen many consultants see a drop in their income and it may mean that they would be better off coming off the FRS and recovering their purchase VAT. If you feel it may be beneficial to move away from the FRS consider that you are prevented from going back on it for 12 months. For assistance please call us on 01793 608770.

How much salary should I pay myself in 2009/10?

Those directors paying themselves a salary of £452.90 pcm during 2008/9 to maximise their tax efficiency should be aware that the new threshold for 2009/10 is £476.25 per month.

For a director with no other personal income, a dividend of £34,344 could be paid without any personal tax being payable.

Directors should also be aware that the income shifting legislation remains postponed and dividends can still be paid to spouses where appropriate to save income tax.