



## NEWSLETTER 13 DECEMBER 2009

Please note that I am on holiday from **Monday 18 December** and will be back in the office on Tuesday 5 January. The office will not be staffed during my absence but e-mails will be checked periodically.

Please look at the link on the website to the 2009 Pre-Budget Report which gives detailed information. The highlights, which I believe are most relevant to you, are shown below.

Don't forget limited companies may deduct the cost (and recover the VAT) of a Christmas party (up to £150 per attendee) – if all staff are invited. Those invited may bring a guest.

Have a Merry Christmas and best wishes for the New Year!

Ian

### CORPORATION TAX

The Business Payment Support Service (BPSS) extension has been extended indefinitely. This allows businesses to defer their Corporation Tax, Income Tax, PAYE, National Insurance and VAT liabilities for an agreed period with the aim of easing immediate cash-flow issues. A low rate of interest is payable on any deferred amounts but without any surcharges or penalties. Please contact me to discuss this in the New Year if you would like to find out more. The helpline is 0845 302 1435.

The small companies CT rate has been frozen again at 21% for 2010/11.

### GREEN VEHICLES

Businesses will receive a 100% deduction against their taxable profits for the cost of any new electric vans purchased from April 2010 (subject to EC approval). If your plans for 2010 include purchasing a new business vehicle you should consider finding out what is available, electrically or with low emissions.

From 6 April 2010 wholly electrically propelled company cars and vans can be provided without tax and NI arising for five years to 5 April 2015. From 6 April 2012 the current graduated table of company car tax bands will be extended down to a new 10% band.



**VAT**

The standard rate of VAT will return to 17.5% from midnight on 31 December 2009. Special accounting arrangements will assist certain businesses trading on New Year's Eve, ie pubs, clubs and restaurants.

Rates of VAT payable under the Flat Rate Scheme (FRS) will be amended to reflect the reversion to the 17.5% standard rate of VAT. Please note that most FRS percentages are reverting back to the same rate as 2008 (1.5 % higher than now) but the "other business activities" rate (currently 9.5%) is only increasing to 10.5% - making the scheme even more profitable!

**NATIONAL INSURANCE INCREASES**

There will be an increase of 0.5% on rates of employee, employer and self employed NIC from 6 April 2011 in addition to the 0.5% increase previously notified. Whilst the position for the lowest earners will be alleviated by an increase in the NIC primary threshold (by £570 above the income tax basic personal allowance) employees earning over £21,602 per annum will experience a reduction in their net pay whilst their employers will see an increase in the secondary NIC cost. If you would like to discuss your pay, expenses and benefits arrangements to identify opportunities for reducing these costs please contact me.

**FINANCIAL PLANNING**

Restrictions are scheduled to take effect from 6 April 2011 that higher rate tax relief on pension premiums will be withdrawn for those whose income exceeds £150,000. No higher rate relief will be available for those whose income exceeds £180,000. In the 2009 Budget it was announced that 'anti forestalling' measures would prevent people from paying larger premiums than normal prior to 6 April 2011, by means of a special 20% tax charge.

**COMPLIANCE REGIME**

The New Disclosure Opportunity notification period is scheduled to close on 4 January 2010. Those taxpayers who have not come forward voluntarily to declare their overseas income on their tax return, will face greater sanctions to reflect their failure to remedy their tax failures. New legislation will mean that there will be high financial penalties arising from tax evasion.



**HMRC SCAM**

There are emails circulating purporting to be from HMRC, suggesting that the recipient responds, to receive a personal tax rebate. Please be aware that they are scams and that HMRC would not send out an email in respect of a personal tax issue. These scams are very common and many reading this will have already received such an e-mail.

**VAT ONLINE FILING**

You may already know that VAT is moving to a mandatory online filing requirement from April 2010. All businesses with a turnover of £100,000 or more will be required to file and pay VAT electronically from April, as will businesses which register for VAT from 1 April 2010, irrespective of size.

**ADVISORY FUEL RATES**

HMRS has released the new advisory fuel rates, which took effect from **1 December 2009**. The rates have previously been announced with one month's warning and the option for employers to adopt early, but earlier this year it was announced that the additional months' warning would no longer be provided, and that employers should adopt the revised rates immediately.

The rates allow employers to provide fuel for business motoring in a company car, and exclude the employee from incurring a benefit in kind charge on the provision of free fuel for private motoring. They are recommended and are not mandatory rates and are intended to permit employers to reimburse business motoring without the need to negotiate a dispensation.

The new rates are:

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p	11p	7p
1401cc – 2000 cc	14p	11p	9p
Over 2000 cc	20p	14p	12p