

Tax Deadlines

30 September

Final day to submit new claims for small business rate relief for properties in England. Refund claims for VAT incurred on expenses in other EU countries during 2009. Private companies with year end 31 Dec 2009 must file accounts at Companies House. CTSA return for periods to 30 Sept 2009 should reach HMRC.

1 October

Increased National Minimum Wage hourly rates;
Adults: £5.93;
Under 21: £4.92;
Under 18: £3.64;
Apprentices: £2.50.
Corporation tax due for year to 31 Dec 2009.

5 October

Inform HMRC of new sources of income or gains if no Tax Return received for 2009/10.

19 October

Income tax and class 1B NIC due under PAYE Settlement Agreements for 2009/10. PAYE & NIC due for month to 5 October and 2nd quarter 2010/11.

22 October

Electronic payments of PAYE & NIC must clear HMRC account for periods to 5 Oct.

31 October

Tax Returns completed on paper must be received by HMRC (exceptions apply). Automatic £100 fine if tax for 2009/10 is unpaid at 31 January 2011. Private companies with year end 31 Jan 2010 must file accounts at Companies House.

2 November

Submit forms P46 (car) for quarter ended 5 October where a car is first provided in that quarter.

7 November

Final day for submitting VAT return online for quarter to 30 Sept 2010.

19 November

PAYE & NIC cheques to reach HMRC for month to 5 November.

20 November

Electronic payments of PAYE & NIC for periods to 5 Nov must clear HMRC account.

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How Does The Taxman Find Out?



Don't be surprised by HMRC

Don't be tempted to leave something off your tax return because you think the Taxman (HMRC) will never find out. HMRC have powers to gather information from a wide range of sources and will cross-reference that data to tax returns.

Say you buy a property to let out, that transaction will be recorded by the Land Registry, so HMRC can check how much you paid and may wonder where the funds came from. If HMRC ask, your letting agent is obliged to provide a list of all the landlords and properties he deals with.

Perhaps you forget to declare your company car on your form P11D. HMRC can check with the DVLA who owns the car, and cross-check to the P11Ds submitted by your company.

If you make claims about your business on the internet don't exaggerate the facts. When the Taxman comes to call he will want to see evidence of your 'trading in 50 countries', and admitting to fibs is not a good way to start a tax investigation.

You are obliged to tell HMRC about your liability to pay certain taxes and excise duties, often by a date before the tax or duty becomes due. For example you must register for VAT within 30 days of the date your annual turnover exceeded £70,000. If you fail to notify HMRC on time you can be charged a penalty of up to 100% of the tax or VAT due, and you will also have to pay the outstanding tax plus interest on any late payment.

This failure to notify penalty can be reduced to nil if you make a full and unprompted disclosure within 12 months of the date you should have notified your liability to tax. We can help you with that, so talk to us first.

Office News

Following a recent outbreak of marriage fever, congratulations go to Suvi Creswell (nee Baillie), Paul Norris and Sri Srishanger.

We also have a mini-rush of retirements, with Huw Davies and Paul Bayes retiring on 30 September 2010. We wish them well in their retirement.



Selling A Let Property

When you sell your let property you will have to pay capital gains tax (CGT) on any the profit or gain you make. But there are a number of deductions that can reduce that taxable gain.

All the costs directly connected with the sale and purchase of the property, such as estate agent's and solicitor's fees, can be deducted. The stamp duty you paid when you bought the property is also deducted from the sale proceeds.

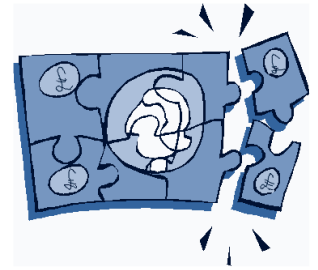
If you made improvements to the property while you owned it, add the cost of those works to the purchase cost of the property when calculating the gain. The cost of repairs that have already been set against the rental income should not be included in the gains calculation.

You are also not permitted to deduct any costs that would be eligible to set against rental income, if you had received rents in the relevant period. These costs include interest paid on a mortgage while the property was empty waiting to be sold, and the gas or

electricity bills for that period. Similarly the following charges will not be deductible from the sales proceeds: ground rent, service charges, water rates, council tax, furniture clearance or insurance.

If you owned the property jointly, remember to split the gain between yourself and the other owner in the proportions in which each held an interest in the property. This may be 50:50 if you held the property as 'joint tenants', or possibly a different proportion if you held the property as 'tenants in common'. Only report your own portion of the gain on your own tax return.

If your total gains for the year are less than your annual exemption (£10,100) and your proceeds are less than £40,400, you don't have to enter anything on the capital gains pages of your tax return.



Deduct valid expenses

VAT and Corporation Tax Returns Online

HMRC is trying to automate more tax return processes in order to cut costs. All employers (with very few exceptions) are now required to submit their PAYE returns online, and the same will soon apply to VAT returns and Corporation Tax returns.

All traders who first registered (or were due to register) for VAT after 31 March 2010 are required to submit their VAT returns online, likewise businesses with an annual turnover of £100,000 or more. All other VAT registered businesses will have to submit their VAT returns online for periods beginning after March 2012.

When you file a VAT return online you get an extra seven days to complete the return and pay the VAT due, so the deadline for the September VAT quarter will be 7 November. Although those traders who use the annual accounting scheme, or who apply for VAT repayments do not get this extension.

If you file online you must also pay any VAT due by electronic means, which covers just about any method except by cheque. Giro Bank payments are considered to be electronic by HMRC, but you need to ask HMRC to send you a book of personalised Giro paying-in slips. If you want HMRC to take the VAT due by direct debit, this instruction must be set-up at least five days before you submit your VAT return.

Online Corporation Tax returns are going to be compulsory for every company from 1 April 2011. Unlike VAT returns there will be no extension to the filing deadline for submitting online, but all corporation tax will have to be paid electronically.

We can submit VAT and Corporation Tax returns online on your behalf, but we can't organise the electronic payments required. Please discuss with us how to move your business towards online tax filing and payment as smoothly as possible.

Are All Your Dividends Legal?

It's important to prove all the dividends you take from your company are legal, as the Tax Inspector can treat illegal dividends as bonus payments or loans. In which case additional NI and tax may be due from the company and sometimes from you.

To pay a legal dividend it is not sufficient to write 'dividend' on the cheque stub or against the entry in the director's loan account. The directors should first review the company's profits and cash available after setting aside amounts to pay the company's creditors and future tax bills. You need to prove this was done, so a record must be made when you decide to pay an interim dividend.

When the accounts for the year are finalised and show a profit, the directors can recommend that surplus profits are paid out as a final dividend. The shareholders can either accept the directors' recommendation or suggest a lower figure of dividend. Both these decisions need to be properly recorded at the time they are made.

When any dividend is paid, dividend vouchers must be prepared for each shareholder showing the total due, the dividend tax credit and the date of payment. The dividend can be paid by cheque or bank transfer into the shareholder's private bank account. If the shareholder is a director his account in the company's books can be credited with the dividend due to him, but this needs to be done as soon as possible after the decision to pay a dividend is taken.

We can help you with this paperwork, but it is important that the decision to pay a dividend is made and recorded in advance of any cash being paid out of the company.



The key is correct paperwork