

# TAX E-NEWS

Monthly Update – July 2011

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CLIFTON HOUSE  
PARTNERSHIP

CHARTERED  
ACCOUNTANTS

Incorporating Susan J Arthur & Co

Welcome to our monthly tax newsletter, designed to keep you informed of the latest tax issues.

We hope you enjoy reading the newsletter and remember - we are here to help you so please contact us if you need further information on any of the topics covered.

## WHAT DO YOU THINK OF HMRC?

Probably unwise to ask you that, but do you recognise the following thoughts?

HMRC sees the small business area as a source of tax leakage and as a result of its robust approach it is feared by many small businesses

Small businesses and their advisers spend too much time sorting out HMRC errors

HMRC needs to communicate better with taxpayers

HMRC staff need to be well trained

The tax legislation is over complicated

What businesses want more than anything else is certainty in tax

Nothing of any surprise in those thoughts, but encouragingly they have been expressed by the Office of Tax Simplification which has to report to the Government on ways of reducing the administrative burden of the tax system on small businesses. If they continue to come out and tell the Government how it really is, like they have just done, there is hope for meaningful change in the near future. That will probably involve simplified tax measures for small businesses on a variety of issues and we will keep right up to date to use them for your benefit as and when available.

## ADVISORY FUEL RATES FOR COMPANY CARS

Published guidelines are issued by HMRC with the aim being to save time for all concerned by setting out figures which they reckon can be used in the majority of cases

They are only advisory, and can apply where the employer reimburses the employee for fuel for business travel in a company car or where the employer requires the employee to repay the cost of fuel for private travel in a company car.

They used to be reviewed every 6 months, but more frequently at HMRC's consideration if fuel prices fluctuated by 5% from the current rate and that was likely to be sustained. However, that arrangement has changed and the rate per mile is now simply reviewed four times a year instead – on 1 March, 1 June, 1 September and 1 December. The rates from 1 June 2011 are as follows:

engine size	fuel cost per mile		
	petrol	diesel	LPG
to 1,400 cc	15p	12p	11p
1,401 to 2,000 cc	18p	15p	13p
over 2,000 cc	26p	18p	18p

## TAX PAYSLIP

If you have some tax to pay on 31 July (this covers the 2<sup>nd</sup> payment on account for 2010/11) you should shortly receive a computerised payslip. That allows for electronic payment, but in case the payslip fails to arrive HMRC have helpfully provided a downloadable payslip at [www.hmrc.gov.uk/agents/sa361.pdf](http://www.hmrc.gov.uk/agents/sa361.pdf).

If you do have to use that, please make sure that your cheque is made payable to *HM Revenue & Customs only* followed by your Unique Tax Reference (a 10 digit number – please ask us if you are not sure of your number).

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## LIVING OVERSEAS OR PLANNING TO DO SO?

Proposals are now out for consultation with a view to introducing new rules to determine whether or not you are tax resident in the UK.

They are planned to apply from 6 April 2012 and one of the specific proposals is to treat someone as UK resident if spending at least 45 days in the UK in the tax year concerned unless the person is overseas for full-time work in which case the existing 90 day limit will continue to apply. There are other new rules as well.

What this all means is that compared to the existing rules you are more likely to be regarded as UK tax resident when basically living abroad. That does not always present a problem, as if you are also tax resident in a country which has a full double tax treaty with the UK the provisions of that treaty may well say that you tax residence status in the overseas country will take priority. What it does mean, however, is that a full review needs to be taken in your particular circumstances so that any steps necessary to retain the status quo, or indeed improve the position, can be identified. We will be pleased to do just that on your behalf.

## EMAIL TAX REBATE SCAM

If you are due a tax refund we would ordinarily tell you just that and push for early payment. So if you ever receive an email purportedly coming from HMRC telling you that a tax refund is due, delete it as it is bound to be a scam.

The scam involves telling you to visit the website referred to in the email and asking you for details of your bank account so that you can receive the welcome refund. Please be aware that it does not work like that

## PROPOSED PATENT BOX REGIME

A specialised topic, but worth a brief mention as where it applies it will reduce corporation tax to only 10%.

It is planned to start from April 2013 and will apply to companies who receive income from patents (NOT, however, income from trademarks or copyrights). The aim is to provide an incentive for companies to retain and commercialise existing patents and develop new innovative patented products.

If this is likely to apply to you we will be ready to advise fully as the proposals progress from the consultation stage.

## INHERITANCE TAX

Are there unresolved issues on your mind that you would like to discuss with us – or would you like a FREE copy of our Personal Affairs Checklist

Just ring Derek Redwood on 02920 464448 or e-mail to [Derek@chpaccountants.co.uk](mailto:Derek@chpaccountants.co.uk)

Please contact a member of our Tax Team if you would like to discuss any of the issues raised.