

---

# TAX E-NEWS

---

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.

## ONLINE AUCTION SITES

If you buy and sell goods online, either as a trade or business, please be aware that HMRC have launched a campaign that aims to tax those within this category if they have not declared this source of income.

Naturally, this is not an issue for the odd transaction. However, if you do trade this way and have concerns please contact us for guidance.

To enable HMRC to obtain details of online transactions, they have recently demanded information from online auction sites.

The information they are looking to acquire includes the name, address and post code of each member registered, the date he or she first registered and the member's username.

## LOW EMISSION BUSINESS CARS

Last month we mentioned that the 100% tax write-off for a low emission car is due to end on 31 March 2015, and that from 1 April next year the level of qualifying CO2 emissions to get the full tax write-off goes down sharply from the current 110 g/km to 95 g/km.

If you like the idea of getting a 100% tax write-off of the purchase price in one go, but at the same time prefer to have a car with a degree of performance, take a look at the Mini Cooper 1.6D. It uses 104 g/km of CO2 emissions (watch out if you go for some performance extras which increase CO2 emission levels), which is within the current limit, but won't be from April 2013. With 0 to 60 in just under 10 seconds it certainly has its attractions if you purchase one before next April!

There are some other examples which we will be pleased to run through with you. Naturally enough, if you run a business as a sole trader or partner, the tax write-off is reduced by reference to any private use of the car.

## TAX IN SCOTLAND

If you live in Scotland, you probably know that the Scottish Parliament now has the power to set a Scottish rate of income tax to be administered by HMRC for Scottish taxpayers. It is expected to apply from April 2016, so there is plenty of time to get ready for this extra layer of administrative burden. Whether it will involve extra tax as well remains to be seen.

Please be assured that we will remain up-to-date on developments involving tax in Scotland and will be advising those affected in plenty of time.

For employees and pensioners, the income tax change will be applied through PAYE. HMRC will issue tax codes to employers in the months before April 2016, which will identify those employees who are Scottish taxpayers. Employers will deduct tax at the appropriate rates, which may be higher, lower or the same as those which apply in the rest of the UK.

The definition of a Scottish taxpayer is based on the location of an individual's main place of residence, with the promise of further guidance being available in due course.

### TAX RELIEF ON GIFTS TO THE NATION

This is a new tax relief (called the Cultural Gifts Scheme) for individuals and limited companies that gift a pre-eminent object to the nation.

The tax reductions are certainly attractive: 30% for an individual and 20% for a limited company. Clearly, however, it is not everybody who is fortunate enough to own such an asset!

For instances where a taxpayer has an object that qualifies under the scheme, a value is agreed and the object is transferred to an eligible institution for public display. The definition of a pre-eminent object is wide and includes fine and decorative arts, books, manuscripts, scientific items and any object considered to be pre-eminent for its national, scientific, historic or artistic interest. An object's importance in a regional context can be taken into account.

If you should ever find yourself in a position to consider going for this new tax relief, or you know someone who might be, do please ask us for guidance so that the best tax deal possible is achieved.

### IR35 ISSUES?

If you provide your business services via your own personal service company, rather than being employed directly by the organisation(s) using your services, you will probably know plenty about the infamous IR35. This is a long-standing way that HMRC often tries to argue that the income of your company should be taxed as your earnings.

Countless arguments have arisen over the years about whether or not IR35 applies, and HMRC don't have a particularly good track record of success when a case is taken to the tax tribunal. Uncertainty abounds, and that should be the last thing anyone wants.

Now up for consultation is a new approach to try to make it easier to decide whether or not IR35 applies. It is by reference to 12 business tests with a score given against each of them to see if the total points bring success!

We will be keeping a close eye on this development for clients who might be affected, and will advise you on an individual basis when the new HMRC approach is closer to being introduced, as changes to the approach are expected from the consultation process.

### E-mail contacts

#### Partners

**[geoffk@knightandcompany.co.uk](mailto:geoffk@knightandcompany.co.uk)**  
**[tracya@knightandcompany.co.uk](mailto:tracya@knightandcompany.co.uk)**

#### Personal Tax

**[joyc@knightandcompany.co.uk](mailto:joyc@knightandcompany.co.uk)**

#### Payroll

**[christines@knightandcompany.co.uk](mailto:christines@knightandcompany.co.uk)**