
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.

YET MORE TASKFORCES LAUNCHED

HMRC's success in obtaining tax arrears from a wide range of business sectors within selected geographical areas has encouraged them to announce another 5 taskforces for "intensive bursts of targeted activity".

They expect to recover more than £19.5 million from the following areas:

- The legal profession in London (yes, the accountancy and tax professions are expecting to be on the list in the future!)
- Grocery and retail in South Wales, North Wales, NW England and SW England
- Hair and beauty in the North East
- Restaurants in the South East and Solent
- The Motor trade in Scotland

If you fall within any of the above categories, or know someone who is, we can do a check of your business records to identify any problems should HMRC come calling.

USING YOUR HOME FOR BUSINESS?

We always look to maximise your tax breaks if you use your home for business, as they can be considerable (with care). For example, if there is non-exclusive business use of a room in your home, there is a claim which can be made for a proportion of the running costs; this does not automatically result in a restriction to the valuable CGT exemption on sale of the main private residence. This is because a claim for, say, 90% business use of one room means that the room was not used exclusively for business purposes and accordingly no loss of CGT relief applies.

Sometimes it is simpler to make an expenses claim based on a round-sum allowance for the general business use of the home, which would certainly eliminate any restriction of the CGT exemption. The above situation is hardly likely to arise where, for example, the business you carry out at your home address is that of a dentist, doctor, vet or architect, i.e. plenty of activity in terms of patients, customers or clients visiting you. Indeed there may be separate buildings used solely for business use.

As you may imagine, in such a case there are all sorts of clever things which can be done to maximise the CGT residence exemption on a sale and at the same time ensure that the gain which is taxable suffers tax at only 10%, because it qualifies for entrepreneurs' relief. Planning is essential to achieve this result.

HIGH NET WORTH UNIT

You may be delighted if HMRC use this unit to look after your tax, as it means you have substantial assets. However, according to HMRC it also means that you are more likely to be inclined to seriously consider a variety of ways of reducing your tax bill!

Cases looked after by HNWU are regarded as higher risk. Each taxpayer undergoes a risk assessment exercise annually, with low risk scores resulting in far less chance of selection for an enquiry. HMRC claims to provide a HNWI with a tailored service through proactive engagement, with a single point of contact and a holistic approach to their tax affairs. As most HNWIs will have a tax agent, that approach seems of little consequence. HMRC expected to collect an extra £100 million of tax each year through their HNWU, but in fact doubled that in 2011/12.

HMRC BUSINESS RECORD CHECKS

Business record checks (BRCs) involve someone from HMRC visiting you to look at your business records so that, if necessary, they can point out areas of improvement (only the most cynical would suggest that they were also used to identify cases for launching a full-blown investigation).

The BRC programme came to an abrupt halt at the start of this year, so as to give HMRC the chance to refocus the operations. They now say they will be ready to relaunch BRCs soon after 5 April 2013. Hopefully they will take a less aggressive stance, and of course we can help here if you are ever selected. Please click here for a call back if you would like us to check that your business records are robust enough to withstand any HMRC perusal under this initiative.

CLIENT CONTACT POINTS FOR HMRC

Increasingly, the forms issued by HMRC seem to ask for more data about you. We may well decide not to divulge your telephone numbers as we want to try and ensure that any queries concerning your tax affairs go directly to us. Now it has been reported that, as an example, form CF10 (application for Class 2 NICs small earnings exception) asks for the home, mobile and business phone numbers. Don't worry, we won't do that!

The dangers of divulging all those numbers was illustrated from the latest Annual Report from the Adjudicator, which mentions the case of a taxpayer who was sent a 'Demand Notice for Immediate Payment' in respect of an amount of tax already paid (nothing unusual about that unfortunately). He was then telephoned to chase the payment; this was bad enough, but the call was made to his mobile whilst attending a funeral.

TAX DIARY OF MAIN EVENTS FOR OCTOBER / NOVEMBER 2012

We hope you will find this new feature useful.

Date	What's due
19 October	PAYE & NIC deductions for month to 5/10/12 (due 22 October if paid electronically)
19 October	CIS return for month to 5/10/12 and payment of CIS tax (due 22 October if paid electronically)
31 October	2012 tax return if filing paper copy
1 November	Corporation tax for year to 31/1/12
2 November	Forms P46 (car) for quarter to 5/10/12
19 November	PAYE & NIC deductions for month to 5/11/12 (due 22 November if you pay electronically)
19 November	CIS return for month to 5/11/12 and payment of CIS tax (due 22 November if paid electronically)

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