



SUMMER 2008 UPDATE

Some or all of the following items may be of importance to you.

SELF EMPLOYMENT AND CLAIMING BENEFITS

Class 2 contributions will qualify you for most of the benefits that an employed person can claim. Two exceptions however, are the earnings related state pension and the Jobseekers allowance.

If you are self-employed and unable to work, you should be able to claim incapacity benefit. You would need to bear in mind, however, if you make occasional visits to your workplace you may become disqualified, so you would need to bear this in mind. If you work from home, there is also the problem of proving that you do not work. Unfortunately, Class 4 contributions do not count towards any benefits.

WIFE'S WAGES

When claiming a deduction in your annual accounts for wife's wages, please ensure that the monthly or weekly amount is actually paid out of the business account by way of a cheque or BACS payment into the wife's bank account or joint account. This should head off any Inspectors challenge to spouse's wages.

END OF YEAR RETURNS - REMINDER

All employees must receive their form P60 by 31 May 2008, if they were employed on 5 April 2008. Forms P11D must be completed and filed no later than 6 July 2008.

For those clients who use our payroll bureau service, all of this compliance filing will be dealt with as part of the service we provide.

Please call me to discuss anything in detail

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This newsletter is published for the information of clients. It provides only an overview of the regulations in force at the date of publication, and no action should be taken without consulting the detailed legislation or seeking professional advice. Therefore no responsibility for loss occasioned by any person acting or refraining from action as a result of the material contained in this newsletter can be accepted by the company.

COMPANIES ACT CHANGES FROM 6 APRIL 2008

You may like to make a note of the following changes which apply to Limited Companies from 6 April 2008. For all Limited companies the filing deadline for delivering your accounts to Companies House was 10 months and has now been reduced to 9 months. The change will apply to all accounting periods on or after 6 April 2008. With this in mind, please ensure we get your books and records early! Qualifying companies will still be able to file Abbreviated Accounts.

For private companies only, the appointment of a Company Secretary from 6 April 2008 is now not mandatory. From the 6 April it will be possible to have a sole Director and no Company Secretary. You now have a choice to either continue with an existing appointed Secretary or to dispense with an existing Company Secretary. If you decide not to have a Company Secretary anymore, we can advise Companies House for you. You will only need to amend your Articles of Association if there is a specific reference to the company having a Company Secretary.

If you require any help or advice, please do not hesitate to contact me.

CAMPAIGN ON UNDECLARED INCOME FROM PROPERTY

HMRC launched a campaign this year which targeted all tax payers who have had income from property but and have not declared it on their tax returns from 2001/02 onwards. The campaign is mainly focused on income derived from renting a room, or a buy to let income, and income made from furnished holiday lettings.

If you by chance receive a letter from HMRC on this topic, please call us to discuss the matter further.

NEW HMRC POWERS

HMRC will be aligning its powers across all taxes and duties from 1 April 2009 and will have the following powers:-

- * To inspect records as required under the record-keeping legislation. This means that the existing VAT and PAYE inspections are restricted to statutory records but introduces a new power of inspection for direct tax;
- * The power to require any supplementary information relevant to establishing the correct tax position;
- * The power to require third parties to provide information which is relevant to establishing a taxpayer's correct tax position;
- * The power to visit business premises and to inspect records, assets and premises;
- * Appeal rights against any penalty, and against information notices which have not been pre-authorized by an appeal tribunal;
- * Penalties for failure to allow an inspection and failing to comply with an information notice, including a tax-g geared penalty which can be imposed by the new upper tier tribunals; and
- * An updated criminal offence of destroying or concealing records requested under a notice authorised by a tribunal.

As you can see, there is a greater need for tax payers' books and records to be kept in good order. If you would like any assistance in this area, please feel free to contact me.

ENTREPRENEURS RELIEF

You may remember from my earlier newsletter that the new Entrepreneur's relief is available from 6 April 2008 and replaces the old taper relief. Currently the new rules state that the new relief will only be available in relation to premises which are let 'rent-free'. This means that where companies currently pay its directors rent, Entrepreneurs relief will be lost and higher capital gains tax will be due on any disposal.

Requests are being made by the Accountancy bodies for the Finance Bill 2008 to be amended so that where business property is let before 6 April 2008, capital gains will not be taxed in full.

Once the Finance Act 2008 has been enacted, we will of course, provide you with more detailed guidance and planning ideas.

