

Tax Newsletter

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Our newsletter this month takes a motoring focus with articles on the new car scrappage scheme, P11D deadline reminder, new fuel only mileage rates and finally notice of changes to car tax benefits.

We also include an article on the tax reliefs available for industrial property following the phased withdrawal of industrial buildings allowances, and details of the announcement of a new tax amnesty.

The next issue of our newsletter will be published on 7 July 2009.

As always, any feedback on our newsletter would be appreciated, please email us at taxnewsletter@armstrongwatson.co.uk

Nigel Holmes
Director - Corporate Tax

[Pass it on!](#)

[Tax efficient property expenditure](#)

[Car scrappage scheme started 18 May 2009](#)

[Updates from HMRC](#)

[Tax Diary June/July 2009](#)



[Tax facts at your fingertips](#)

[Advisory fuel rates for company cars](#)

[P11D filing deadline approaches](#)

[Car benefit changes](#)



If you know anyone who might be interested in our newsletter feel free to forward this copy. If you have received a forwarded copy and would like to subscribe at no charge, just follow this link <http://www.armstrongwatson.co.uk/yourneeds/page/420>

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Have you seen our new range of tax factsheets? Our tax factsheets cover business, personal and employment taxes and VAT advice and compliance. However, they only provide an overview and advice should be sought in respect of your own circumstances. Each month we will be adding new factsheets to the list.

New this month:

VAT - Compulsory filing of returns online
Business Tax - Business loss relief extended
Personal Tax - High income earners

Follow this link to find out more.

<http://www.armstrongwatson.co.uk/yourneeds/page/429>

If there is a topic that interests you please contact us if you wish to discuss it further.

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Given that industrial buildings allowances are currently being phased out this makes it more important than ever to maximise the plant and machinery inherent in a building development.

Integral features

The April 2008 changes introduced a new category called integral features with a writing down allowance of only 10%. However, integral features include some items which previously did not qualify for plant and machinery allowances at all, e.g. office lighting and cold water systems. Also, the first £50,000 of qualifying spend in a 12 month chargeable period can be used towards a business's 100% annual investment allowance (AIA). So what appears at first to be a lower rate of allowance can potentially lead to more tax relief being claimed after careful analysis and planning. The full list of integral features is:

- a) an electrical system (including a lighting system),
- (b) a cold water system,
- (c) a space or water heating system, a powered system of ventilation, air cooling or air purification, and any floor or ceiling comprised in such a system,
- (d) a lift, an escalator or a moving walkway,
- (e) external solar shading.

Thermal insulation in commercial buildings is also part of the 10% pool although it is not strictly an integral feature.

There are a few nuances in the rules. For example, fire alarms are main pool items and qualify for a 20% writing down allowance (subject to any AIA) even though they clearly contain electrical equipment!

Energy saving allowances

Many products such as lighting, boilers, and fridges can potentially qualify for 100% capital allowances. To qualify they must be listed as energy saving on www.eca.gov.uk. Careful planning before undertaking a property development is necessary in order to ensure that any such claim is maximised. If this is left until after a building is built the odds are that the relevant items will not be on the list and will not therefore qualify for the 100% allowance. Products that are listed might be more expensive to buy in the first place. However, in these eco friendly times property investors should consider that a building could command a higher rental value the more efficient it is to run.

Second hand buildings

Did you know that the purchaser of a second hand building can claim more as plant than the person who constructed the property under the multiplier principle? If you would like more details on how this works please contact us.

It is possible for both the seller and the purchaser to manage the tax relief on the sale of a building

by use of an appropriate election. What is less well known is that it is possible for the purchaser to claim tax relief on items of plant that are not covered by the election. This is something that is typically missed on property deals. Careful drafting of any capital allowances election should therefore be undertaken as well as a thorough review on any items of plant that may be lurking in a newly acquired building to ensure that such opportunities are not missed.

Land remediation relief (LRR)

Don't forget that companies can claim 150% tax relief on clearing up contaminated land or buildings (provided they are not the contaminator). LRR has now been extended to clearing up derelict land that has been unused since April 1998. Please contact us if you would like more details on how these reliefs work and see our January edition of this newsletter for more information on this topic.

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Many employers and employees make use of the advisory fuel rates published by HM Revenue & Customs. The rates apply where the employer:

- reimburses employees for business travel in company cars where the employer does not provide fuel, or,
- requires employees to reimburse the cost of employer provided fuel used for private travel, so potentially avoiding a private fuel benefit charge.

The advisory fuel rates are also acceptable for VAT purposes providing VAT receipts for fuel purchases are retained.

The rates have changed with effect from 1 July 2009. The new rates are on the link below.

Currently HM Revenue & Customs reviews the rates at least twice a year. Please click on the following link for more information:

http://www.hmrc.gov.uk/cars/advisory_fuel_current.htm

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In exchange for scrapping your old vehicle and buying a new one the Government and most car manufacturers will contribute a total of £2,000 towards the purchase of a new vehicle - the scheme has been running from 18 May 2009.

The scheme will be available to the first 300,000 eligible claimants or until 28 February 2010, whichever is sooner.

To qualify the vehicle you are trading in must:

- Be a car or small van weighing up to 3,500 kilograms (kg)
- Have been first registered in the UK on or before 31 August 1999
- Either have a current tax disc, or have a current tax disc and a current Hackney Carriage Licence, or an MOT certificate which expired no earlier than 14 days before the date of the contract between the Purchaser and the Dealer for the acquisition of title to the vehicle by the Purchaser
- Have been registered to you continuously for 12 calendar months before the order date of the new vehicle
- Have a UK address on the registration certificate (V5C) in the same name as the new vehicle
- Have a current MOT test certificate before date of order for the new vehicle

The new vehicle you want to buy must be:

- A car or small van weighing up to 3,500 kg
- First registered in the UK on or after 18 May 2009
- Declared new at first registration in the UK with no former keepers

The allowance is funded by a £1,000 subsidy from the Department for Business, Enterprise and Regulatory Reform (BERR) and a further £1,000 discount paid for by the manufacturer.

In most cases, VAT cannot be reclaimed on a car purchase even by VAT registered businesses so the discount will only have the effect of reducing the car's purchase price. However, certain VAT registered customers may have to reduce their input tax in respect of the manufacturer's discount. This will only be the case where VAT can be reclaimed on the purchase of a car such as for the purchase of a taxi or a driving instructor's car.

If you are buying a business vehicle under this scheme please note the following points regarding a future claim for capital allowances.

1. The £2000 discount reduces the capital cost of the vehicle.
2. The vehicle you part exchange, or scrap, is considered to be written off for tax purposes and the £2000 discount will not be treated as taxable proceeds of sale.

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Employers should be aware that the filing dates for 2008-9 P11D and P11D(b) is 6 July 2009. Those employers who filed a paper P11D(b) form last year are currently being sent new paper forms and a payslip.

All relevant businesses should receive these forms by 15 June 2009.

Businesses who submitted online forms last year are being sent a payslip and an online reminder to file the form before the deadline.

This year, a new quality standard for the P11D forms has been introduced. This means that paper forms that are not properly completed will be returned and online submissions must be fully complete before submission is possible. The quality standards are designed to check that the employer reference is included, that employees' names and National Insurance numbers are completed and that the list price of any car provided to an employee is shown on the form etc.

Businesses filing online can file the forms using commercial payroll software or HMRC's online facility.

If you need help completing individual forms, or filing returns, please contact us soon as the deadline is fast approaching.

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Tax Amnesty

HMRC has announced a second offshore tax amnesty for holders of overseas bank accounts. It will be referred to as the New Disclosure Opportunity and will close March 2010.

Text messages from HMRC

HMRC is currently exploring new ways of making contact with taxpayers. This includes HMRC leaving an automated voicemail or sending a text message. Both of these methods are currently only being used to ask taxpayers to call HMRC rather than to provide any other specific advice or information.

If you receive an automated voicemail message or a text message claiming to be from HMRC asking you to contact them use the number for your local office or the telephone numbers on the official HMRC web site at www.hmrc.gov.uk.

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A number of changes to the tax calculations for company cars have been announced over the last few months and during the Budget.

For the current 2009/10 tax year please note the following changes:

- Disabled drivers who are required to drive an automatic car as their company car will be allowed to use the list price of an equivalent manual car when calculating the company car tax benefit.
- The requirement for a new P46 (car) form is withdrawn where an employee's car is returned and replaced with another car.

From 2010/11 the lower threshold for CO2 emissions figure will be reduced to 130g/km (from 135g/km).

From 2011/12 the lower threshold for CO2 emissions figure will be reduced to 125g/km. In addition, the current £80,000 list price cap used to calculate the company car tax will be abolished and current discounts given to cars using alternative fuels (such as bio-fuels and bioethanol) will be removed.

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1 June 2009 - Due date for corporation tax due for the year ended 31 August 2008.

19 June 2009 - PAYE and NIC deductions due for month ended 5 June 2009. (If you pay your tax electronically the due date is 22 June 2009)

19 June 2009 - Filing deadline for the CIS300 monthly return for the month ended 5 June 2009.

19 June 2009 - CIS tax deducted for the month ended 5 June 2009 is payable by today.

1 July 2009 - Due date for corporation tax due for the year ended 30 September 2008.

6 July 2009 - Complete and submit forms P11D return of benefits and expenses and P11D(b) return of Class 1A NICs.

6 July 2009 - Deadline for submission of new Tax Credit application for 2009-2010, if you want to secure a full year's claim.

19 July 2009 - Pay Class 1A NICs (by the 22 July 2009 if paid electronically).

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