



How Does The Taxman Find Out?

Don't be tempted to leave something off your tax return because you think the Taxman (HMRC) will never find out. HMRC have powers to gather information from a wide range of Government bodies and other sources.

When you buy a property the details are recorded at the Land Registry. HMRC can match the Land Registry records to personal tax returns and may enquire how you funded your purchase. Letting agents are obliged to provide the Tax Office with a list of all the landlords and properties they deal with, if requested to do so.

Banks have come under pressure recently to disclose the names and addresses of UK residents who hold accounts with their overseas branches or associated organisations. Data stolen from Swiss and Liechtenstein banks has been sold to national tax authorities, and HMRC are known to be using that information to investigate UK taxpayers. Details of interest paid on UK bank accounts are routinely checked against tax return records, so if you have forgotten an account it will be discovered by HMRC eventually.

The Tax Inspector will Google you and your business. If you exaggerate facts about your business, you may have to explain away those online fibs. Attempts to conceal your income can also be undermined by online investigation. A DJ was recently caught out in a tax investigation as his gigs were advertised online, but he hadn't declared all his appearance fees.

Car registrations are another useful source of information. Say you forget to include your company car on the form P11D, HMRC can ask the DVLA to confirm the registered keeper, and will cross-check to the P11Ds submitted by your company.

Penalties for errors on tax returns can amount to 100% of the tax due, if the error has been deliberately concealed. If you were merely careless, and make a full disclosure of your mistake, the penalty can be reduced to nil. We can help with that full disclosure, so talk to us before approaching the tax office.



He knows you know

Tax Deadlines

- 2 November**
Forms P46 (car) for quarter to 5 October must reach HMRC.
- 19 November**
PAYE & NIC due for month to 5 Nov.
- 23 November**
End of extension to carry back period for corporate trading losses.
- 19 December**
PAYE & NIC due for month to 5 Dec.
- 22 December**
Electronically paid PAYE & NIC must reach HMRC for month to 5 Dec.
- 31 December**
Private company accounts for year to 31 March 2010 must reach Companies House.
- 2011**
- 1 January**
Corporation tax due for small companies for year to 31 March 2010.
- 4 January**
Standard rate of VAT increases to 20%.
- 19 January**
PAYE & NIC due for month to 5 January, and for 3rd quarter 2010/11.
- 21 January**
Electronically paid PAYE & NIC must reach HMRC for month to 5 Jan.
- 31 January**
Company accounts for year end 30 April 2010 must reach Companies House. Personal tax returns for 2009/10 must be filed online. Income tax and CGT due for 2009/10 plus first on-account tax payment for 2010/11. Finalise any estimated Tax Credit claims for 2009/10.
- 28 February**
Outstanding tax due for 2009/10 attracts 5% surcharge, plus 3% interest.
- 31 March**
Last day to claim refund of overseas VAT incurred in 2009, and to file paper corporate tax returns.

24 Hour Relay for Life – [CANCER RESEARCH UK](#)

We are delighted to report that our team was one of the few to have a member on the track for the whole of the twenty-four hours. We all enjoyed the event and would like to say once again thank you very much to all who donated. The total raised by the Ribble Valley event was over £125,000.

NIC Holiday For New Businesses



Certain new businesses can now claim exemption from paying class 1 NICs for the first 10 employees hired within the first year of trading. This 'NIC holiday' applies only to the employer's NIC due on wages paid after 5 September 2010 and before 6 September 2013. The holiday runs for 12 months per employee or until the cap of £5,000 of NICs is reached, whichever is earlier. The employees' NICs must be paid in all cases.

Employers' not employees' NIC holiday The business must commence in the period from 22 June 2010 to 5 September 2013, and be based outside of Greater London, the East and South East regions of England.

The definition of 'new' is tight. If an existing business is transferred into a new company, the result is not a 'new' business.

The business can be a property investment company, a trading charity, or even subject to IR35. However, the NIC holiday is restricted for businesses in the coal, agriculture, fisheries and road transport sectors. The NIC holiday also cannot be claimed on the wages of domestic workers such as nannies, gardeners and cooks.

This NIC holiday is potentially worth up to £50,000 per business, but you need to plan your employment pattern carefully to obtain the full exemption. The start date of your business is crucial, so please talk to us before you set up your new business so we can assess whether you could take advantage of this NIC holiday.

PAYE Under And Overpayments

HMRC has been busy reconciling all PAYE records for the 2008/09 and 2009/10 tax years, as this task wasn't undertaken last year. About 4.7 million of those calculations have resulted in under or overpayments of tax, and in those cases HMRC issue a form P800 that shows how the tax difference has arisen. Many people will not receive a form P800 as their tax affairs have already been reconciled through self-assessment.

If you receive a P800 form, do check the figures shown against your own records such as wage slips, bank interest, pension statements, and gift aid donations. We can help with this, but it's important a check is done as the HMRC records have been found to contain many errors.

If the tax calculation shows an overpayment of tax, you should receive a cheque for the tax repayment within a few days. Please don't respond to emails or phone calls asking for your bank details to process this repayment, as those calls will be part of a fraudulent scam.

If the tax calculation shows you owe tax, you won't have to pay anything immediately. Where you owe less than £300 for either tax year: 2008/09 or 2009/10, the amount due will be deleted from the PAYE computer, so you won't have to pay.



Check your paperwork

If you owe up to £2,000 for the two tax years, the tax will be collected through your PAYE code for 2011/12. You will have slightly more tax deducted from your earnings in each month in the year to 6 April 2012.

Where you owe more than £2,000 HMRC will ask you to make payments starting in 2011. If you will have difficulty in paying the amount due, whether this is more or less than £2,000, you can ask to pay over a period of up to three years.

Loss-making Holiday Lettings



Review the lettings business

Do you let a furnished holiday property that makes a loss overall? Currently that loss can be set against your other non-rental income, and produce a tax refund. However, the property must be actually let for least 70 days a year, and be available for letting for 140 days per year. If you own several holiday properties these letting periods may be averaged.

that any loss may only be set against future profits from the same holiday lettings business, rather than against your other income. Overseas holiday lettings will be treated as a separate business. This change could mean your holiday lettings business is no longer worthwhile, as you will only get tax relief for the losses when you make a profit from letting those properties in the future.

The criteria for judging whether a property attracts special tax reliefs as a holiday let will also change from April 2011. It is proposed that the property should be actually let for 105 days and be available for letting for 210 days. We need to discuss how these changes will affect your overall tax bill, and review your long-term plans for holding your holiday properties.

The Government plans to change the loss relief rules for furnished holiday lettings from April 2011, such