

File Early: Avoid Penalties!

If you normally complete a personal tax return you should have received your blank 2010/11 tax return form by now. Although most people will just receive a letter from HMRC that asks you to file your 2010/11 tax return online.



The earlier the
better

In both cases it makes sense to complete the tax return as soon as possible. If you are due a tax repayment, quick submission should speed up the funds coming back to you. If you owe tax, the sooner we can work out the amount due the more time you will have to plan your payments.

Another good reason for filing early is to avoid the increased penalties that can now apply for late tax returns. Previously a late tax return would generate an automatic penalty of £100, which would be reduced to nil if all your tax were paid by the due date of 31 January. However, there was no reduction in penalties for late partnership returns.

For 2010/11 tax returns and later years, the penalties for submitting the tax return late will not be reduced even if all the tax due has been paid on time. What's more if the return is more than three months late the penalty is charged on a daily basis at £10 per day, up to a maximum of £900.

When the delay is over 6 months an additional penalty is charged as the higher of: £300 and 5% of the tax due. The same penalty is imposed again if you are over 12 months late with the return. When a partnership tax return is submitted late those penalties apply to each partner in the partnership.

If you don't pay your tax on time you will receive an additional penalty of 5% of the outstanding tax due. This penalty is charged at the following intervals: 30 days late, 6 months late, and 12 months late. Interest will also be charged on tax paid late.

In view of these potentially high penalties it is essential that we work together to get your tax return submitted in good time, and to give you plenty of warning of the tax due. Please send us the information to complete your accounts and tax return for the tax year 2010/11 as soon as possible.

New Mileage Rates

Your costs for undertaking business journeys in your own car can now be reimbursed at 45p per mile, and 25p when you exceed 10,000 miles per tax year. These payments are tax and NI free, and if you don't get the full rate from your employer you can reclaim the additional amount on your tax return form.

If you pay for fuel in your company car you can now be reimbursed at the following rates per mile:

Engine size:	Petrol	Diesel	LPG
To 1400cc	14p	13p	10p
To 2000cc	16p	13p	12p
2000cc +	23p	16p	17p

Tax Deadlines

- 3 May**
Forms P46 (car) for quarter to 5 April must reach HMRC.
- 16 May**
Single farm payment claims for 2011 must reach Department of Agriculture.
- 19 May**
Last day to file forms P35 & P14 online. Cheques for PAYE & NIC must reach HMRC, penalties apply for late payment.
- 20 May**
Electronic PAYE payments for month to 5 May must reach HMRC.
- 31 May**
Give forms P60 to all those you employed at 5 April 2011. Final day to file online CTSA returns for year to 31 May 2010.
- 17 June**
PAYE and NIC cheques for month to 5 June must reach HMRC.
- 22 June**
Electronic payments for PAYE for month to 5 June to reach HMRC
- 30 June**
Final day to file online CTSA returns for year to 30 June 2010.
- 5 July**
Last day to reach PAYE settlement agreement for 2010/11.
- 6 July**
Forms P11D & P9D to reach HMRC and give copies to employees. Forms for reporting employee shares and share option schemes to reach HMRC.
- 19 July**
Cheques for PAYE & NIC due for month/quarter to 5 July to reach HMRC. Class 1A NIC due for 2010/11.
- 22 July**
Electronic payments for PAYE for month to 5 July and Class 1A NICs 2010/11 to reach HMRC.
- 31 July**
Second payment on account of income tax due for 2010/11. £100 fine for 2009/10 tax returns still not submitted.
5% surcharge on unpaid income tax and CGT due for 2009/10. Deadline for online filing of CTSA returns for year to 31 July 2010.

PAYE Online

You already have to file your end of year PAYE returns online, or we do this for you. If you have 50 or more employees you have to file the starter and leaver forms: P46 and P45 online as well.

For 2011/12 HMRC has issued electronic PAYE notices of coding (forms P9) rather than paper copies. It has also stopped sending copies of these codes to us as your tax agent. If you have provided HMRC with an email address in connection with your PAYE online filing, you may have received an email that says new PAYE codes have been issued for your employees.

To view the PAYE codes or student loan notices you need to log on to the PAYE online service on the HMRC website (or through your payroll software), and chose the option required (e.g. tax code notices). Remember you can be held liable for under-deducted

tax if you use an incorrect PAYE code for your employee, or you apply the latest PAYE code incorrectly.

Large employers must also pay their PAYE online, and you have the option of doing so until October 2013. To ensure your PAYE payments end up in the right account always include the Accounts Office (AO) reference and the year and month the payment relates to. Eg: PAYE for month 01 in 2011/12 (due 20 May 2011 for electronic payments) add 1201 to the AO ref without leaving a space.



No more paper

When Should You Register For VAT?

The turnover threshold at which VAT registration becomes compulsory has leapt upwards in recent years: £68,000 (from May 2009), £70,000 (from April 2010), and now £73,000 (from April 2011). But the level of your actual sales may have varied enormously over the same period.

If your total sales for any twelve month period exceeds the VAT threshold in force at the end of that period you are obliged to become VAT registered, even if your total sales later dip below the threshold again. You can apply to HMRC for exemption from VAT registration if the increase in your sales was indeed a one-off blip, but you must apply for that exemption,

don't assume it will be given.

Calculate your total sales on a cumulative basis for every 12 month period at the end of each calendar month. Once the total exceeds the VAT registration threshold you have 30 days to tell HMRC, but please ask us to check your VAT registration form before you submit it.

If you were obliged to register for VAT since 1 April 2010, but have not done so, you could be subject to a penalty of 100% of the VAT due. In this situation the best advice is to confess all to HMRC without delay, and your penalty may be reduced to nil.

Regular Gifts To Save IHT



Giving is good

Most people know they can give away up to £3,000 per tax year with no inheritance tax (IHT) charges. This figure has not changed for many years, but it is supposed to represent capital gifts, not simply gifts of surplus income.

If you have enough spare income to make **regular** gifts year on year without affecting your standard of living, those gifts will be free of IHT without monetary limit. The seven-year rule does not apply to these income-gifts. As soon as the gift is made it is free of IHT, there is no adjustment

to the value of your estate if you die within seven years.

The gifts you make out of your surplus income must be regular to qualify for the IHT exemption. You need to set up a pattern of giving, or instruct someone to make the gifts out of income they manage on your behalf. The gifts need not be made to the same person every year, and the amount given need not be exactly the same every year.

The important point is that the regular gifts come out of your annual income, and are not made by liquidating investments such as shares or bonds. If you want to make regular gifts to save IHT, don't invest the income first, divert the money as a gift as soon as possible after it arrives with you.