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**TAX DEADLINES**

**2 November**

Forms P46 (car) for quarter to 5 October must be with HMRC.

**19 November**

PAYE & NIC due for month to 5 November.

**21 November**

Electronically paid PAYE & NIC must be with HMRC for month to 5 Nov.

**19 December**

PAYE & NIC due for month to 5 Dec.

**22 December**

Electronically paid PAYE & NIC must be with HMRC for month to 5 Dec.

**2009**

**1 January**

Corporation tax due for small companies with year end 31 March 2008.

**19 January**

PAYE & NIC due for month to 5 January, and for 3<sup>rd</sup> quarter 2008/09.

**22 January**

Electronically paid PAYE & NIC must be with HMRC for month to 5 Jan.

**31 January**

Last day to electronically submit personal tax return for 2007/08, or receive automatic fine of £100. Final income tax and CGT due for 2007/08 year plus first on account tax payment due for 2008/9. Any estimated figures for tax credit claims for 2007/08 must be finalised and reported to Tax Credit office.

**28 February**

Income tax or CGT outstanding for 2007/08 attracts 5% surcharge.

## Losses from let property

### Held in own name

When you let property you own personally, you must report the rental income and expenses on your personal tax return. This applies whether you make a profit or loss from the letting.

Where you own several let properties all of the income and expenses relating to those UK properties are thrown into the same pot to establish the overall profit or loss for the year. Properties located outside of the UK are excluded from this property pot, as are properties let as furnished holiday homes on short-term lets. The profits or loss from overseas properties must be shown on the foreign income pages of your tax return. There are special rules to deal with losses from UK furnished holiday lettings.

It is important to declare any loss. Although you can't set that loss against your other income for the year, it can be carried forward without time limit. If you make a profit from letting your properties in a future year, the loss arising from this year will reduce the tax you have to pay in that future period. If you don't claim the loss you won't be able to use it in the future.



**You must report losses as well as profits**

### Held through company

Where you hold let properties through a company the mechanism for calculating the profit or loss from the lettings is rather different. The interest paid on any borrowings taken out by the company to fund the properties is not deducted directly from the rents, but it is treated as a separate expense.

The rental income from all the properties the company owns is set against the costs relating to those properties, excluding any interest paid. Only at that stage is the interest payment set-off against all of the company's profits for the year. If those profits do not cover the whole of the interest paid, the excess interest cost is carried forward to the next year. The carried forward interest can only be set against the company's non-trading profits, such as from property or interest received. This means that it is not easy to get tax relief for excess interest where the borrowing relates to let property.

### Stop Press

Deposits held by small businesses in UK banks are covered by the Financial Services Compensation Scheme for up to £50,000 per bank. Deposits held by large organisations with turnover of £6.5 million or more do not fall under this scheme. If you have more than £50,000 on deposit, split the total between banks.

### Personal Tax Returns

All regular personal tax returns for 2007/08 must now be submitted online by 31 January 2009, as the deadline for submitting paper versions of the 2007/08 returns passed on 31 October 2008. This also applies to tax returns for trusts and partnerships.

If you have not given us your tax return details please do so without delay. We need to work flat out now to get all tax returns completed, and allow sufficient time for you to approve the figures, before we press the button to file online.

This newsletter is written for general interest only. Hollis and Co do not accept any liability for any reliance placed on its content. Please contact us for further specific advice before acting.

## Recent changes in Company Law

6 April and 1 October 2008 brought in some fundamental changes to the law for small companies.

### Directors

The upper age limit of 70 for company directors was abolished from 6 April 2007, but now all directors must be aged at least 16. All directors under the age of 16 who held directorships on 1 October 2008 automatically ceased to be a director from that date. Also every company must now have at least one real person in the post of director. A company cannot be the sole director of another company.



**Forewarned  
is forearmed**

### Company Secretaries

Since 6 April 2008 the post of company secretary has been optional for private companies. The current company secretary may resign and doesn't have to be replaced. However, it's a good idea to have a second person authorised to sign documents for the company, as some commercial contracts require two signatures. A second signatory on the bank account is also useful in case the sole director becomes incapacitated.

## Key facts about redundancies

There are a number of legal procedures to follow when making staff redundant, and we recommend you check the latest guidance on the business link website as the law has been changed recently in this area. The key points to note are:

### Redundancy consultation

If your business needs to make 20 or more employees redundant over a 90 day period you must consult with the workers' representatives at least 30 days in advance, or 90 days in advance where there are 100 or more proposed redundancies. You must also notify the Department for Business, Enterprise and Regulatory Reform (BERR) by letter or by using form HR1 of the number of redundancies, timing and the consultation process. You also need to talk to each redundant employee individually to avoid the dismissal being viewed as unfair by an employment tribunal.

### Redundancy pay

Redundancy pay can be set at any level, but employees have the right to receive a minimum level of statutory redundancy pay.

## What to claim for business use of your car

If you use your own car or van for your self-employed business, that business needs to reimburse you for the cost of those journeys. You can either take a standard mileage rate for the distance covered, or the business can bear a proportion of your total motoring costs. Which method should you use?

The first option is simple; you just record the length of each business journey and claim up to 40p per mile as a tax free payment from the business. The Tax Office accepts that 40p per mile for the first 10,000 miles fairly covers your costs. Where you do over 10,000 business miles a year, the mileage rate should drop to 25p per mile. However, the 40p or 25p rates may not cover all of your business related motoring costs. The AA calculate that a car priced around £14,000 will cost about 50p per mile to run for 15,000 miles per year.



**You Decide!**

### Shareholders

Every company has to submit an annual return to Companies House, which lists details about the company. Returns for private companies made up to a date on or after 1 October 2008 will not include the private addresses of the shareholders.

### Filing date for accounts

The accounts of private companies currently have to be submitted to Companies House within ten months of the end of the accounting period. This time limit is cut to nine months for accounting periods that start after 5 April 2008. Beware of this shorter time limit if your company makes up accounts for a short period at the beginning or end of its trading life. The first annual accounts this change is likely to affect is the year to 30 April 2009, when the accounts must be filed by 31 January 2010. You can still file abbreviated accounts at Companies House which keep your profit and loss account secret. HMRC want full company accounts in all cases.

This statutory minimum is based on a formula that includes the employee's age and length of service. The BERR website includes a calculator to work out the amount of statutory redundancy pay. If the business doesn't have the funds to pay the statutory minimum redundancy the ex-employee can apply to the BERR Redundancy Payments office for payment using the form RP1.

### Re-employing people

The employee has a right to be offered alternative employment wherever possible. You can thus offer the redundant employee a trial in an alternative job, and they will not lose their right to statutory redundancy pay. However, there must be a genuine redundancy of the original job (not the person) for any redundancy pay to be tax free.

Form HR1

<http://www.insolvency.gov.uk/pdfs/rpforms/hr1.pdf>

Statutory redundancy calculator

[http://www.berr.gov.uk/cgi-bin/er\\_feb07\\_reconner.pl](http://www.berr.gov.uk/cgi-bin/er_feb07_reconner.pl)

The alternative is for the business to pay all of your motoring costs, but deduct a proportion that relates to your private mileage. This means you need to accurately record all of your motoring costs, and the total of your mileage each year, split between business and private journeys. If the Tax Inspector looks at your accounts he will want to see a realistic record of business mileage, not a figure plucked out of the air.

If your business is VAT registered it will normally reclaim all of the VAT charged on your motoring costs, but then it needs to charge itself a fee for your private mileage. This is done using the VAT scale payments, which are based on the CO<sub>2</sub> emissions of your car. We can help with these calculations.