



TAX E-NEWS

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Dear Client,

Welcome to our monthly tax newsletter designed to keep you informed of the latest tax issues.

We hope you enjoy reading the newsletter and remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Best Wishes

The Team



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BUSINESS RECORDS CHECKS

We mentioned this new initiative in the February edition of TAX E-NEWS, and since then further aspects have emerged.

It looks like any checking will be based on a simplistic pro-forma that cannot take into account the specific way you run your business. That at best means the checking process will be misleading, and at worst it will be positively dangerous. HMRC may well get the wrong end of the stick and label your records as not being up to scratch when in reality they are perfectly acceptable.

Another controversial aspect is that HMRC plan to select cases for a Business Records Check on the basis of risk assessment, focusing on businesses that have features associated with poor record keeping. They talk about the corrective impact of Business Records Checks being increased, and poor record keepers further encouraged to bring their records up to standard, through leverage. HMRC give an example of when they identify a business population as having the features associated with poor record keeping, they could

ADVISORY FUEL RATES FOR COMPANY CARS

Published guidelines are issued by HMRC. The stated aim is to save time for all concerned by setting out figures which they reckon can be used in the majority of cases.

They are only advisory, and can apply where the employer reimburses the employee for fuel for business travel in a company car or where the employer requires the employee to repay the cost of fuel for private travel in a company car.

They are reviewed every 6 months, but more frequently at HMRC's consideration if fuel prices fluctuate by 5% from the current rate and that is likely to be sustained. Indeed the 1 December 2010 rates, based on petrol at 119p per litre, were increased from 1 March 2011 as follows in view of the substantial fuel price increases.

They are based on an average petrol price of 128.9p per litre. At the time of writing that already looks too low, so we can expect more increases in the advisory rates.

write individually to that population explaining that they are in a category at risk of having poor business records; that HMRC will be conducting checks of the business records of many of those in that population; and that they are, therefore, more likely to be chosen for such a check in the coming year.

All this make it vital that your record-keeping is reviewed by us to ensure that it will withstand any new attack from HMRC under its seemingly rough and ready approach.

Engine Size	Fuel Cost Per Mile		
	Petrol	Diesel	LPG
to 1,400cc	14p	13p	10p
1,401 to 2,000 cc	16p	13p	12p
over 2,000cc	23p	16p	17p

INCREASES FROM 6 April 2011

INCOME TAX

	2011-12	2010-11
Basic rate band - income up to	£35,000	£37,400
Start rate for savings	10%	10%
Basic rate	20%	20%
Dividend ordinary rate	10%	10%
Higher rate - income over	£35,000	£37,400
Higher rate	40%	40%
Dividend upper rate	32.5%	32.5%
Additional rate - income over	£150,000	£150,000
Additional rate	50%	50%
Dividend additional rate	42.5%	42.5%
Personal Allowances:		
under 65	£7,475	£6,475
65 - 74	£9,940	£9,940
75 and over	£10,090	£10,090

NATIONAL INSURANCE

	Employer	Employee
Class 1 (not contracted out)		
Up to £102 per week	Nil	Nil
£102-£136 per week	Nil	Nil
£136.01-£139 per week	13.8%	Nil
£139.01-£770 per week	13.8%	12%
£770.01-£817	13.8%	12%
Over £817	13.8%	2%
Class 1A (on relevant benefits)	13.8%	Nil
Class 2 (Self Employed)	£2.50 per week	
Limit of earnings for exception	£5,315 per annum	
Class 3 (voluntary)	£12.60 per week	
Class 4 (Self Employed on profits)		
£7,225-£42,475		9%
Excess over £42,475		2%

Our full leaflet includes the rates for many more taxes including Corporation Tax, VAT and Capital Gains Tax and can be downloaded [here](#).



NEW DISCLOSURE OPPORTUNITY

Any taxpayers who have some undeclared income should take a serious look at the latest opportunity offered by HMRC to get their tax affairs sorted out with usually no questions asked and lower penalties applying than would be the case if HMRC approached them.

Although this new opportunity is supposedly aimed at plumbers, (hence the name "Plumbers Tax Safe Plan"), HMRC makes it clear that in fact it is open to anybody whatever the source of income or capital gains and whether an individual or limited company.

To take advantage of this scheme there is a requirement to notify by 31 May with the actual disclosure plus payment being made by 31 August. Penalties will normally be 0%, 10% or 20%, depending on the circumstances. This is less than would normally be the case, and there is the added aspect that if the taxpayer can show that the extra tax to pay arose despite him or her taking reasonable care it means that HMRC can only go back 4 years.

We will be pleased to assist any taxpayer who has something to disclose. And we will make sure they get the best deal available.

DISCLAIMER - PLEASE NOTE: The ideas shared with you in this email are intended to inform rather than advise. Taxpayers' circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

