



## NEWS UPDATE

### Some Taxing Stuff

Now that the dust has settled a bit from last month's budget, it is time to look at some specific nasties. Gordon clearly continues to target the "owner managed limited companies". He thinks these businesses are nasty as they legitimately pay dividends rather than salaries and so the National Insurance "take" is lower. Gordon is now turning nastier than normal and is upping the corporation tax rate on these companies over the next three years to make it far less advantageous to be a small limited company. He is also threatening to introduce further taxes on companies where there is "Extraction of Labour Income as Dividends". That phrase is a wholly new phrase never seen before and is potentially threatening for the future. Be aware of more nasties to come!

In future, it will no longer be possible to claim a balancing allowance when that very expensive car that you had on the business is sold at a tax loss. Better offload that Ferrari before next April then!

Some good news though in the form of new Annual Investment Allowance for small businesses. For capital expenditure after 5<sup>th</sup> April 2008 and up to £50,000 per annum there will be a 100% allowance. Planning points are therefore a) If you are considering such expenditure in about February/March time next year, then consider whether it may be advantageous to delay this until April and b) If your expenditure on an individual item is going to be say £80,000, then consider whether the purchase could be split over 2 tax years (e.g. £45,000 in year 1 and £35,000 in year 2) in order to obtain relief of 100% on all of the expenditure.

For the more commercially minded, there are some interesting possibilities on the bringing back into use of commercial premises in disadvantaged areas.

### Have you got any Offshore undeclared savings accounts?

If so then the Inland Revenue have declared an amnesty on voluntary disclosures made before 22<sup>nd</sup> June. That will mean that the non-disclosure penalty will be restricted to 10% but you will still have to pay the tax. Amazing how many people think that income from an offshore account is not subject to UK tax!

### A New Service

We now subscribe to a credit reference checking service – Riskdisk. This means that we can interrogate all limited companies and some sole traders and partnerships. If you would like us to credit check your potential customers or other business contacts, please call Sarah or Victoria. This will be a free of charge service.

### Team changes

Just when we thought that it was safe to go back into the water! Richard, who has been the backbone of our tax department for the last two years has decided to go and get a proper job and has joined Vantis in St Albans. This is a huge step up the career path for him and was an offer he would have been daft to ignore. He is no longer available to us in a day to day capacity but he will continue to support us with the advanced tax planning stuff.

Richard's day to day role will now be carried out by Helen Robinson who joins us on 1<sup>st</sup> May. Helen has worked for many years in a local accountancy practice before it was swallowed up by one of those Goliath Monoliths who have no idea what customer service means. Helen is well qualified to handle the compliance needs of our customers and we look forward to absorbing her into the Thomas Cox Team.

**Peter**

**4 Home Farm, Luton Hoo Estate, Beds LU1 3TD. Phone 01582 482224.**

**26th April, 2007**