

Other
 Current
 Matters:

- PAYE returns must be submitted online for 2009/10.
- Eaves and Co will be responding to the HMRC consultation document regarding "Dealing with Tax Agents — The Next Steps". We would welcome other agents thoughts and feedback (see recent article in Taxation for background).
- Are you and your client aware of the forthcoming effective 60% tax rate?

Key Points from the Budget



• Entrepreneurs' Relief

Good news for business owners, the lifetime limit on the amount of gains that may benefit from entrepreneurs relief is being increased from £1million to £2million for disposals taking place after 6 April 2010. Entrepreneurs' relief acts by reducing the effective capital gains tax (CGT) rate on qualifying disposals to 10% compared to the normal CGT rate of 18%. In family companies, it is worth taking advice on shareholding structures to maximize relief, in the light of the qualifying criteria.

• Capital Allowances

Tax relief is available at 100% on capital expenditure that qualifies for the annual investment allowance (AIA). The AIA is set to double from £50,000 to £100,000.

• Close Companies

Legislation is to be brought in to prevent companies obtaining a corporation tax deduction on a loan write off to a shareholder/director. It is to apply from 24 March 2010. The fact that this legislation has been brought in suggests, implicitly, that HMRC acknowledge that previous loan write off planning has technical merit. Eaves and Co can provide advice on this matter.

Less Time to Amend/Appeal

HM Revenue and Customs are aligning the time limits for claims across the 'core' taxes (income tax, capital gains tax, corporation tax, VAT, PAYE & NICs).

From 1 April 2010 the time limit for claims affecting these taxes will be 4 years..

Employee Shares

The recent Grays Timbers case emphasizes the importance of getting proper professional advice in advance on tax valuation, where "side deals" are done with key employees. This is especially so, because of complications with the employee related security rules.



Other Announcements ... mostly reprised

- Top Income tax rates of 50%.
- Personal allowances are being frozen at the 2008/09 level of £6,475.
- Tapering of the personal allowance for those earning more than £100,000 resulting in an effective tax rate of 60%!
- From 2011/12 relief on pension contributions will be tapered away for those earning between £150,000 and £180,000. In the mean time anti-forestalling rules apply.
- Inheritance Tax— the current Chancellor has announced a plan for the nil rate band to be frozen at £325,000 until 2014/15

This newsletter is intended for general information. Remember no action should be taken without professional advice.