



COBLEY DESBOROUGH & CO

chartered certified accountants - chartered tax advisers

Tax Deadlines

October

1 Age discrimination regulations come into force. National minimum wage increases to £5.35 (adult rate). Corporation tax due for small companies for years ending 31 December 2005.

5 Inform HMRC of new sources of personal income or gains if no Tax Return received for 2005/06.

19 Income tax and class 1B NIC due under PAYE Settlement Agreements for 2005/06. PAYE & NIC due for periods to 5 October.

20 Electronic payments of PAYE and NIC to reach HMRC for month and quarter to 5 October.

November

2 Submit form P46 (car) for quarter ended 5 October.

18 PAYE & NIC to reach HMRC for month to 5 Nov.

22 Electronic payments of PAYE and NIC to reach HMRC for month to 5 November.

December

19 PAYE & NIC to reach HMRC for month to 5 Dec.

22 Electronic payments of PAYE and NIC to reach HMRC for month to 5 December

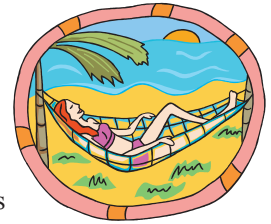
2007

January

31 Tax Returns must be submitted, a £100 fine is imposed for late returns. Pay the balance of tax due for 2005/06 and the first on-account tax due for 2006/07.

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**Dreaming of a place
in the sun?**

Holiday home abroad

Did you go window-shopping for a holiday home while abroad this summer? It is tempting to snap up an apparently cheap property, but you should take advice about how to hold the property or you can end up with some high tax charges.

If you buy the foreign property in your own name you may have to pay the following taxes:

- VAT on acquisition of a new property;
- Stamp duties or similar transfer taxes;
- Tax on the right to live there, (La Renta in Spain);
- Capital gains tax on disposal, (in both countries);
- Inheritance tax with no spousal exemption.

French properties are also subject to forced succession rules, so you are not free to leave the property to whomever you want to.

To avoid some of these problems you may consider buying the property through a UK company, or in France: a Société Civile Immobilière (SCI). However these vehicles bring their own problems. If you use a non-resident company to hold property in France or Spain you must pay a 3% annual charge based on the market value of the property, although you may be able to claim some double tax relief.

If the property is held through a company in which you are a director, or where the directors act on your instructions, you can be taxed on the benefit of having the property available for your use. This applies to a French SCI, which HMRC treat as a company for UK tax purposes, although it is not treated as such under French law. This mismatch in tax laws means that French taxes paid by members of the SCI cannot be relieved in the UK.

You must also report any income or gains made from your foreign holiday home in the UK. This means completing the foreign income pages on your UK tax return.

Big brother is watching you!



The Internet provides a wonderful way to sell to a huge customer base, but it also allows people to present themselves under a false identity. Some sellers do this to attempt to hide the income they are making from the tax authorities. However the Revenue are wise to this trick and have invested over £250,000 in clever software to track sellers who appear under several different guises.

They are using a so-called web robot to collect information on thousands of sellers from websites such as Ebay, and to compare the data to spot similarities. The Revenue can then ask the host companies who run the market-place websites, to give them details of the seller's genuine name and address. The seller's details are then matched to the list of taxpayers who have registered for tax or VAT purposes. If you are trading online and are unsure about your tax obligations, please speak to us before the Revenue do.

Practice News

Thank you to all those who supported our Centenary celebration in July. We were delighted to see so many old and new friends at this unique event. We must also congratulate our hard-working staff, particularly Elizabeth and Jenni who have passed stages of their ACCA exams, and Carmen and Danielle who have made progress with the AAT qualification.

This Newsletter is written for the general interest of our clients and is not a substitute for professional advice. Please contact Cobley Desborough & Co before taking any action.

Age matters in employment

From 1 October 2006 it will be illegal to discriminate against, or favour particular employees on the basis of their age. This will have huge implications for employers when recruiting, promoting, training, providing benefits to, or dismissing workers. In short the regulations will affect almost every aspect of dealing with employees or sub-contracted workers, and there is no exemption for small businesses.

The most visible area of age-discrimination is currently recruitment. Employers must not use age-biased language when placing job adverts, such as 'young and dynamic'. Any qualifications or experience requested must be a necessary requirement for the job.

When providing benefits to employees you should not offer say health screening only to the over 50's, or provide new training opportunities only to the younger workers. Pay rises based on length of service will still be permitted, but only for periods of

Tax issues for sponsorship

Your business may be asked to sponsor charitable events or to support artistic or community-based organisations. Sponsorship can provide a useful way to increase the reputation of the business and its brand recognition, but you need to ensure the deal is structured correctly to receive a tax deduction for the cost.

Before you agree to sponsor the organisation or individual, ask them to explain how your business is expected to benefit from the sponsorship, and record these reasons. Keep any correspondence you receive concerning the sponsorship. Be cautious of sponsoring an organisation or activity in which you or your family are personally involved, as the Revenue may argue that the sponsorship was undertaken for personal and not business reasons, in which case there will be no tax deduction.

As a sponsor you may receive free tickets to the sponsored event, but such tickets are not strictly free, their cost is covered by your sponsorship. If you use these tickets to reward

New ways of interrogation

The Revenue has a right to ask questions about your Tax Return and your accounts, but there are legal safeguards in place to protect you. For instance you can ask a Tax Tribunal to halt the enquiry process if it isn't achieving anything. However recently the Revenue have been experimenting with new ways of approaching taxpayers, which do not all have legal backing.

You may get a letter or phone call from the Revenue asking you to answer a few questions, arrange a home-visit, or possibly agree to changes the Tax Inspector has already made to your Tax Return. Some of the letters include a questionnaire, or ask you to review your business expenses, giving a link to the HMRC website for further information. The implication behind these letters and phone calls is that there is something wrong with your Tax Return, and there is more tax to pay.

service of up to five years.

Compulsory retirement ages of less than 65 will be unlawful unless they can be justified on other grounds. Employees will be able to request not to retire, even when they reach 65, so the employer needs to be prepared to deal with these requests.

Redundancy is the other sensitive area. The upper and lower age limits in the statutory redundancy scheme will be removed, and employers will have to be very careful when selecting workers for compulsory redundancy. Any criteria based on length of service or age may be discriminatory.

Much more free information for employers is available by ringing: 0845 715 2000 or online: www.agepositive.gov.uk



He can chose not to retire



Don't sponsor your own horse

employees their value can be classed as employee costs, which are tax deductible. However if the free tickets are given to suppliers or customers the cost becomes a disallowable entertaining expense. So record what happens to any free tickets.

If the sponsored organisation is VAT registered, and it supplies something significant in return for your sponsorship, such as naming the event after your business, the sponsorship deal must carry VAT. You will be able to reclaim this VAT just like you do on other business purchases, as long as the sponsorship can be shown to have a business purpose.

If you want to support a charity through sponsorship and expect nothing in return a donation under the gift-aid scheme may be more tax efficient for both parties.



Taxman tars all with the same brush

However there is not necessarily anything wrong with your Tax Return or accounts. The Revenue has picked taxpayers to question on a sample basis, on the assumption that all businesses in the same trade make the same type of mistakes with their accounts. Tarring all with the same brush so to speak.

If the Revenue contacts you, please tell us as soon as possible, and do not be drawn into agreeing anything over the phone. Don't be rude, but a firm 'I need time to think about this,' is the best response.