



## Company cars – for limited companies

*Low CO2 emission cars can be good for your tax health as well as the environment.*

We have all heard of the so called green cars with very low CO2 emissions but often dismiss the idea of having them as a company car.

With 100% capital allowances on cars with CO2 emissions of 110g/km or less and the benefit in kind being based on 10% of the list price they are much more attractive from a tax point of view.

Consider this: You have been running your company for a number of years paying yourself a small salary and topping it up with dividends. You use the money to fund your lifestyle.

Your son or daughter has just turned 17 and they look to you to buy them their first car. Rather than draw extra dividends from your company why not get the company to buy or lease the car for them. By choosing a car with CO2 emissions of 110g/km or less you can save yourself and the company some tax.

**There are currently more than 50 makes and models with CO2 emissions below the magic 110g/km including: ~**

SEAT Ibiza 1.4 TDI Ecomotive

Ford Fiesta 1.6 TDCi Econetic

VW Polo 1.4 BlueMotion 1

Mini Cooper 1.6D

Volvo S40 1.6D DRIVe S

Vauxhall Corsa 1.3 CDTi ecoFlex

The tax savings also apply if the car is for you or any other family member.

## Cars for Sole Traders and Partnerships

*Low CO2 emission cars can also be good for your tax health.*

On cars purchased from 6 April 2009 the rules for capital allowances have changed. The new allowances are shown below.

100% capital allowances on cars with CO2 emissions of 110g/km or less means you get the whole cost of the car (subject to an adjustment for private use) set against your profits for that year.

20% capital allowances will apply to cars with CO2 emissions between 111g/km and 160g/km.

10% capital allowances will apply to cars with CO2 emissions over 160g/km.

## Fuel rates for company cars from 1st July 2009

HMRC have issued new advisory fuel rates for use from 1st July 2009. Where employees are provided with a company car and they are reimbursed a mileage rate to cover the fuel used on business journeys, or employees are required to reimburse the employer for fuel used on private journeys then these rates are normally used. These rates are also used to calculate the VAT input tax on mileage expenses.

These rates apply to all journeys on or after 1 July 2009 until further notice:

Engine Size	Petrol	Diesel	LPG
1400cc or less	10p	10p	7p
1401cc to 2000cc	12p	10p	8p
Over 2000cc	18p	13p	12p

## **New Disclosure Opportunity**

### ***Tax liabilities on offshore assets.***

On 1 September HMRC announced the New Disclosure Opportunity ("NDO"). This is an opportunity for anyone who may owe UK tax relating to offshore assets to come forward and bring their tax affairs up to date on favourable terms. It is part of an ongoing campaign by HMRC against tax evasion through the use of offshore bank accounts, and is also linked to a wider international effort by most of the G20 countries. Information exchange between countries is increasing all the time, and even "tax haven" jurisdictions are co-operating.

The result is that HMRC has already obtained details from a number of banks concerning customers who are known to have offshore accounts. In addition, they recently obtained orders against a further 308 UK based banks requiring them to provide details of all customers who hold overseas accounts.

The NDO is a chance for people who owe tax to make a disclosure and settle on much more favourable terms than if HMRC track them down through information provided by banks.

## **Company Accounts**

### **New filing deadlines and increased penalties**

For accounting periods beginning on or after 6 April 2008 you now have just 9 months from the company's year end date to file the accounts at Companies House (this was previously 10 months).

The penalties for late filing have increased to:

Accounts filed no more than 1 month late £150

Accounts filed more than 1 month but less than 3 months late £375

Accounts filed more than 3 months but less than 6 months late £750

Accounts filed more than 6 months late £1,500

## **Tax return filing dates**

Self assessment tax returns for 2008/2009 need to be filed with HMRC by 31 January 2010 if your return is being submitted electronically and by 31 October 2009 if you are sending in a paper return.

If we prepare your tax return please make sure you send us all the relevant information as soon as possible.

## **VAT is going back to 17.5%**

From 1 January 2010 the standard rate of VAT will revert to 17.5%.

January will soon be here so make sure you are ready for the change, which for many will apply just as they return from the Christmas break.

## **Online filing of VAT returns**

HM Revenue & Customs plan to phase out the use of paper VAT returns from 1 April 2010, when businesses with an annual turnover of £100,000 or more excluding VAT, and all newly registered VAT businesses, will be required to file their VAT returns online and make payments electronically. Paper returns will still be an option for the remaining VAT registered businesses, but this will be reviewed in the run up to 2012.

Don't leave it until the last minute. You can register now to file on line at [www.hmrc.gov.uk/vat](http://www.hmrc.gov.uk/vat)

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