

Newsletter August 2009

As the holiday season continues we have updated you this month on a change to employment law, an article which offers advice on tax relief available for capital purchases in 2009-10, an important announcement if you claim Child Tax Credits and finally two VAT updates from HMRC.

Our next newsletter will be published on Tuesday 8 September 2009.

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Vetting and Barring Scheme

Changes to employment law are underway. From the 12 October 2009 new measures are being introduced to vet the suitability of persons working with children or vulnerable adults.

It is to be called the Vetting and Barring Scheme (VBS) and will be administered by a new public body to be called the Independent Safeguarding Authority (ISA).

From July 2010 all new employees can register with the ISA.

From November 2010 all new employees and volunteers must register before they start work. Until they have registered they cannot be legally employed.

Failure to comply with the new registration demands could possibly result in custodial sentences for the employee and the employer!

A range of useful online tools, posters and leaflets can be downloaded from the ISA web site at www.isa-gov.org.uk/toolkit or call 0300 123 1111.

Making the most of Capital Allowances 2009-10

If you are thinking of investing in assets that qualify for the Annual Investment Allowance (AIA) during 2009-10 it is worth bearing in mind the additional relief you can claim to take advantage of the 40% First Year Allowance (FYA) that is available for one year to 5 April 2010 (1 April 2010 if you trade as a company.)

For most businesses the only assets that do not qualify for the AIA or the FYA are motor cars. Although don't forget that if you buy a car with CO2 emissions under 110g/km a special 100% allowance can be claimed.

The AIA allows you to write off 100% of qualifying expenditure during 2009-10 up to a total spend of £50,000.

But what happens if you spend more than £50,000? Let's say you invested £80,000 during 2009-10 in assets that qualify for the AIA and FYA. You would be eligible to claim the maximum £50,000 AIA and a 40% FYA on the excess. This would make your potential, combined claim £62,000, or an overall 78% tax write down in one year.

Even if the claims created net tax losses in 2009-10 this may enable your business to recover some of the tax paid in the previous three years.

Please call if you need more information on this topic, particularly, does your intended investment in new equipment qualify for these reliefs?

Changes to the Childcare Approval Scheme

In order to qualify for Child Tax Credits (CTC's) the person responsible for taking care of your children (child) needs to be registered with the Childcare Approval Scheme.

From 18 July 2009 the Childcare Approval Scheme will no longer exist and all childcare providers approved under this scheme (for example a nanny or foster carer working as a childminder) must either become registered with Ofsted or they will become unregistered providers.

Taxpayers who are affected by this change are advised to check with their childcare provider to see what they plan to do from 18 July 2009.

It is no longer possible to claim tax credits unless the childcare provider is registered with Ofsted from 18 July 2009.

If a childcare provider does not intend to register with Ofsted, an alternative registered provider would need to be used in order to be able to claim or continue claiming the childcare element of tax credits.

VAT Updates from HMRC

VAT number verification

The European Commission have enhanced their on-line service which allows taxpayers to check if a quoted VAT number is valid.

The on-line service has been updated to allow taxpayers to obtain a certificate to prove that they checked that a VAT registration number was valid at a given time and date. This system has been designed primarily to protect taxpayers who become innocently involved in a chain of fraudulent transactions such as carousel fraud.

The certificate will provide valuable evidence for a taxpayer to prove that they acted in good faith should HMRC challenge input tax recovery or seek payment of lost VAT.

The new on-line system will also be useful to businesses who zero-rate sales to businesses in other EU countries. Specifically in meeting one of the conditions for zero-rating which states that your customer must be VAT registered.

The on-line service is available at the following address:

http://ec.europa.eu/taxation_customs/vies/vieshome.do?selectedLanguage=EN

Making VAT payments

HMRC's bank account details for VAT payments have changed with effect from 8 July 2009. This is part of an ongoing exercise by HMRC which involves moving its banking arrangements from the Bank of England to commercial banks.

HMRC is now using Citi Bank for electronic payments by BACS Direct, Internet/telephone banking and CHAPS.

HMRC's new bank details are as follows:

Account name: HMRC VAT

Account number: 11963155

Sort code: 08 32 00

When making VAT payments it is important that taxpayers use their VAT registration number as the reference number to ensure payments are correctly credited to their VAT account. The VAT number should be used with no gaps to save unnecessary delays in processing the payment.

Whilst HMRC is working closely with banks to implement the new account details some banks may be unable to make the payment using the new account details.

HMRC will continue to process payments made using the old bank details for the time being. Taxpayers using the new banking details should ensure that all templates and instructions for online banking payments are updated for the change.

Bank Giro payments will also be changing and for the time being transactions will be handled by Natwest Bank. New Bank Giro books will be printed in due course. In the meantime, payments should be made as normal.

Tax Diary August/September 2009

1 August 2009 - Due date for corporation tax due for the year ended 31 October 2008.

19 August 2009 - PAYE and NIC deductions due for month ended 5 August 2009. (If you pay your tax electronically the due date is 22 August 2009)

19 August 2009 - Filing deadline for the CIS300 monthly return for the month ended 5 August 2009.

19 August 2009 - CIS tax deducted for the month ended 5 August 2009 is payable by today.

1 September 2009 - Due date for corporation tax due for the year ended 30 November 2008.

19 September 2009 - PAYE and NIC deductions due for month ended 5 September 2009. (If you pay your tax electronically the due date is 22 September 2009)

19 September 2009 - Filing deadline for the CIS300 monthly return for the month ended 5 September 2009.

19 September 2009 - CIS tax deducted for the month ended 5 September 2009 is payable by today.

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.

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