Suite 4 Earlshouse; Earlsway, TVTE, Gateshead, NE11 0RY
t: (0191) 491 0019 f: (0191) 491 0016 e: info@rwco.net w: www.rwco.net

MONTHLY NEWSWIRE

January / February 2013

Welcome to our newsletter designed to keep you informed of the latest tax & business issues.

We hope you enjoy reading the newsletter; remember, we are here to help you so please contact us if you need further information on any of the topics covered.

Best wishes

Jamie

100% TAX WRITE-OFF ON MACHINERY, FURNITURE AND EQUIPMENT PURCHASES

We mentioned last time the massive leap to £250,000 as the new and temporary annual amount you can spend in your business on machinery, furniture and the like, and get full tax write-off in the year.

Most businesses do not spend anything like that amount in a year, but even so you have to be very careful on the timing of capital expenditure as there are some complicated rules covering the switch from an annual limit of £25,000 to the new £250,000.

We are ready to advise by reference to your particular requirements for buying new equipment, so that we can get the best possible deal for you on tax allowances.

USING YOUR HOME FOR BUSINESS?

We always try to get you the best deal on this, by claiming the maximum possible for the extra costs of using your home as the base of your business but at the same time ensuring no adverse effect on the immensely valuable capital gains tax exemption when you sell your private residence and hopefully make a useful profit.

Another option is possible from April 2013, which is irrespective of your annual turnover, and that involves making a claim for flat rate expenses. A formula is used each month, which is linked to the number of hours you (or your employees if you have any) spend at your home on business.

As with any new tax opportunity we will look at it carefully to see if it benefits you.

CAR LEASING

Leasing a business car rather than purchasing what is inevitably a fast-depreciating asset in today's world, has its attractions.

One of these is that if the CO2 emissions of the car do not exceed 160 g/km the whole of the leasing payments are tax deductible (less of course any private use % applying to a sole trader or partner). That magic level is going down sharply to 130 g/km for car leases entered into from April this year, so if you are considering a car change the timing could be all-important. If the CO2 emissions exceed those levels you only get tax relief on a fixed 85% of the lease rentals – not that such a position is really a bad deal if the CO2 emissions are on the high side.

LOW EMISSION CARS

Still on the subject of cars used for business, but this time where you buy for cash or via a loan or HP agreement, rather than lease, there are new timing issues to watch out for. These affect the availability of the 100% tax write-off which is claimable currently where the CO2 emissions do not exceed 110 g/km.

That level reduces sharply to 95 g/km from 1 April 2013, with the 100% tax write-off planned to end completely on 31 March 2015. The reduction to 95 g/km eliminates cars such as the Mini Cooper 1.6D and BMW 320d Efficient Dynamics which currently qualify, so careful planning on the timing of the purchase of a low emission car is essential.

TAX DIARY OF MAIN EVENTS FOR FEBRUARY/MARCH 2013

date	*what's due*
1 February	Corporation tax for year to 30/4/12
19 February	PAYE & NIC deductions, and CIS return and tax, for month to 5/2/13 (due 22 February if you pay electronically)
28 February	Surcharge of 5% if 2011/12 self assessment tax not paid
1 March	Corporation tax for year to 31/5/12
19 March	PAYE & NIC deductions, and CIS return and tax, for month to 5/3/13 (due 22 March if you pay electronically)

RW & Co
Suite 4, Earls House, Earls Way, Team Valley
Gateshead, NE11 0RY
Tel: 0191 4910019 Fax: 0191 4910016

NEW RESIDENCE RULES

If you plan to leave the UK (permanently or for a limited period), or indeed you are coming to live in the UK, your exposure to UK tax is very much based on your tax status as being either resident or not resident.

At last from 6 April 2013 there will be a test laid down by tax law, rather than having to rely on HMRC practice. What the new law means is that in any circumstances it should be possible to determine your tax status from the answers to a list of questions. In many cases if you leave the UK the most important point will be the length of your visits to the UK. That in turn depends on what ties you will still have with the UK, and it is true to say that most people will potentially have a better deal than under the previous practice. The new law does have some important changes to the original proposals announced some time ago.