

ACCA UK's Technical Advisory Service summarises recent points of interest.

technically speaking

Budget/Finance Bill

ACCA's latest news on the Budget and Finance Bill, including a guide to the Budget and a podcast summarising the main changes, is available at <http://uk.accaglobal.com/uk/members/technical/budget09/>. Our newsletter, giving detailed coverage of the main points of the budget, is available at <http://newsweaver.co.uk/accatas/>.

Going concern

A new guide to the FRSSE, going concern and financial reporting has been provided. The guide updates directors of small companies on assessing going concern. Guides are available at <http://uk.accaglobal.com/uk/members/publications/guides>.

Employment law

Employment law is a specialist area and one where expert advice may be required. To help you identify those areas and to assist you with some of the basic requirements, ACCA UK has made available a range of factsheets covering retirement, redundancy, unlawful discrimination, disciplinary and dismissal procedures, managing performance, dealing with sickness, age discrimination, working time, probationary periods and contracts of employment.

The factsheets include example contracts and statements of terms.

The factsheets are available free to ACCA members at: www.accaglobal.com/members/publications/technical_factsheets.

HMRC

Goodwill

HMRC and the valuation office have set out the appropriate method of valuing goodwill for businesses where the reference is to the profit-making potential of the premises. They refer to

public houses, hotels, petrol stations, cinemas, restaurants and care homes as examples of businesses where the premises are integral to the generation of business income.

HMRC state that they 'now accept that for taxation purposes HMRC need to recognise the contribution that each asset makes to the combined value'.

The practice note can be found at <http://www.hmrc.gov.uk/svd/practice-note.pdf>.

Consultations

HMRC have issued a consultation on their new proposed charter. HMRC have invited comments on the charter by 12 May. The consultation and an overview can be found at <http://uk.accaglobal.com/uk/members/technical/taxation/surveys/>

HMRC have issued a short consultation paper on three ESCs: B49 – Section 532 Capital Allowances Act: Grants Repaid; C10 – Group of Companies: Arrangements; and C16 – Dissolution of Companies under Sections 652 and 652A Companies Act 1985: Distributions to Shareholders. <http://www.hmrc.gov.uk/ctsa/ctocc-consult.pdf>.

Double taxation treaty

Saudi Arabia

A double taxation treaty with the Kingdom of Saudi Arabia came into force on 1 January. In the United Kingdom the provisions of the convention will take effect from 1 April 2010 for corporation tax purposes and from 6 April 2010 for income tax and capital gains tax purposes. In Saudi Arabia the provisions will take effect from 1 January 2010. A link to the tax treaties can be found at <http://uk.accaglobal.com/uk/members/technical/taxation/>.

Isle of Man

The Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital

(Isle of Man) Order 2009 was made on 11 February and is available at <http://www.hmrc.gov.uk/si/2009-0228.pdf>

Netherlands

The Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (Netherlands) Order 2009 was made on 11 February and is available at <http://www.hmrc.gov.uk/si/2009-0227.pdf>

France

The Double Taxation Relief and International Tax Enforcement (Taxes on Income and Capital) (France) Order 2009 was made on 11 February and is available at <http://www.hmrc.gov.uk/si/2009-0226.pdf>

Tax Information Exchange Agreement with Jersey

The agreement signed on 10 March amends the UK's 1952 double taxation arrangement with Jersey by allowing for exchanges of taxpayer information.

Manufactured interest

Following the High Court case DCC Holdings (UK) Ltd v HMRC, the Treasury have announced that they will introduce legislation in the next finance bill (up to date details on ACCA's Budget site) to counter the tax treatment of manufactured payments. The legislation will apply to deemed manufactured interest paid on or after 27 January. Notes and background material published by HMRC can be found at: <http://www.hmrc.gov.uk/news/fst-exp-notes.pdf> <http://www.hmrc.gov.uk/news/fst-background.pdf>

PAYE

PAYE returns

Large employers, defined as employers with more than 50 employees, now need to submit online employee starter and leaver information - P45s, P46s and P46(Pen) for pensions.

Large employers can hear about the April PAYE in-year filing changes, including online filing of starter and leaver information in the podcast found at <http://www.hmrc.gov.uk/podcasts/index.htm>

PAYE annual return

Employer Annual Return for 2008-09 should be filed online by 19 May 2009. If you have fewer than 50 employees you can still file a paper return until 2009-10.

PAYE – payments

If you haven't received your 2009-10 Employer Payslip Booklets (P30BC), or P30B (letter), by 9 May contact HMRC on 08453 667 816.

PAYE - P45

New versions of form P45 were introduced in October 2008 and from April will be the only accepted form. The new versions of the form contain fields for date of birth and gender.

PAYE - P46 car

Under government proposals, from 6 April 2009 employers will no longer be required to complete a form P46 (Car) when one car is replaced with another.

Cars

The car averaging rules published in October and applicable from 6 April 2009 have been revised and simplified. This updated guidance applies to test and experimental, demonstrators and courtesy vehicles and to employees who frequently change vehicles.

Interest

Underpayment

HMRC cut the rate of interest charged on underpaid Income tax, NIC, CGT, stamp duty and certain other taxes from 3.5% to 2.5% as of 23 March 2009.

For underpaid corporation tax the rate was reduced from 2.5% to 2.0% as of 16 February and from 2% to 1.5% from the 16 March.

Overpayment

The rate of interest on overpaid income tax, NIC, CGT, stamp duty and certain other taxes remains unchanged at 0%.

For overpaid and early paid corporation tax the rate fell from 1.25% to 0.75% as of 16 February and from 0.75% to 0.25% as of 16 March.

Official rate of interest

The official rate of interest has been reduced from 6.25% to 4.75% from 1 March 2009. This applies to pre-owned assets and employer-related assets.

The average official rate of interest for 2008-09 is 6.1%.

VAT

VAT – membership bodies

HMRC have indicated that they will not allow ESC 3.35 for claims of overpaid VAT. ESC 3.35 allows non-profit making membership bodies which supply benefits to their members to apportion their subscriptions to reflect the value and VAT liability of the individual benefits, without regard to whether there is one principal benefit.

VAT repayment claims and interest

HMRC have provided their opinion in Revenue and Customs Brief 14/9, on the tax treatment of VAT repayment and interest.

HMRC's opinion is:

- repayments – “repayments represent sums that arose from the sale of goods or services in the ordinary course of its trading activities. The fact that amounts were paid to (the former) Customs and Excise in the belief that they were output tax properly due on those supplies, does not alter their trading character for Case 1 purposes.”
- interest - “Repayments and interest are demonstrably part of the taxable income of the business and therefore chargeable

to direct tax as trading income and interest respectively.”

HMRC, visits, inspections and enquiries

HMRC's powers have been enhanced and are now in force. Details and guidance on HMRC inspections, visits and enquiries can be found at <http://uk.accaglobal.com/uk/members/technical/taxation/>

Appeal

HMRC has issued guidance on how to appeal if you don't agree with one of its tax decisions. The guidance applies for decisions made after 1 April 2009 and can be found at <http://www.hmrc.gov.uk/factsheets/hmrc1.pdf>

CTA 2009

The Corporation Tax Act 2009 (CTA 2009) is in force for corporation tax purposes for accounting periods ending on or after 1 April 2009 and for income tax and capital gains tax purposes for the tax year 2009-10. Links to the Act, explanatory note, table of destinations, table of origins and guidance can be found at <http://uk.accaglobal.com/uk/members/technical/taxation/>

The Technical Advisory Service is able to provide guidance to members on a range of matters, including the applicability of auditing/financial reporting standards, tax legislation/practice and company law matters. The Service also provides guidance on interpretation of ACCA's Rules of Professional Conduct and ethics issues generally.

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