

Welcome to our monthly tax newsletter designed to keep you informed of the latest tax 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

Liz Elliott, Tax specialist

TAX ON PAYMENTS OF TRAIL COMMISSION

We are referring here to commission which may be passed on to investors in Collective Investment Schemes and other associated investment products including life insurance policies. This normally happens where an investor picks funds (known as platforms) via a website which rebates some or all of the investment charges that would normally go to advisers as commission.

HMRC now believe these payments are generally liable to income tax but that is not the case in certain circumstances which mainly involve ISAs or self-invested personal pension plans (SIPPs). There is also a requirement of the payer to deduct tax at the basic rate.

If you do receive a payment in this way, remember to consider whether or not it should be declared on your future tax returns. HMRC have accepted that it is not right to attempt to collect tax prior to 6 April 2013.

EMPLOYEE SHAREHOLDER SHARES

This controversial initiative is to apply to shares received through the adoption of this new status of **employee shareholder** – probably from 1 September 2013 but there is always the chance of a delay due to criticisms from the House of Lords and the unions.

Employees will exchange some of their existing employment rights for the right to own shares in the business which can be gifted to them to the value of between £2,000 and £50,000. Any gains are tax free but on receiving the shares the employee pays income tax on the excess value over £2,000

The employer must provide legal advice and a 7 day cooling off period before an employee is able to relinquish the employment rights and clearly, great care is needed to join this voluntary scheme. It is aimed at SMEs and should have a role to play for many companies. At the very least it needs to be considered by reference to your own circumstances.

HMRC ENFORCEMENT DRIVE, SEARCHING FOR OVERSEAS TRUST ASSETS

HMRC is launching a special enforcement drive to detect the use of undeclared overseas trusts to conceal assets and income.

The campaign is part of the 'closing in on evasion' strategy announced by HMRC last December. It sets out a month-by-month schedule of the agency's priorities in countering tax evasion.

If you know of anyone who has an overseas trust and is concerned about possible UK tax exposure, please refer them to us so we can help.

NEW AGENT AUTHORISATION FORM

Where we act for you as your tax agent and you pay the new High Income Child Benefit Charge, we will need to know whether a partner or other relevant person received child benefit in the tax year. That benefit is often received by someone who is not our client. We will need to know all the details and if it is not possible to find them we can use a new agent authorisation form to be signed by the child benefit claimant. The form is CH995 and is available from HMRC's website.

TAX DIARY OF MAIN EVENTS FOR JUNE/JULY 2013

Date	What's Due
1 June	Corporation tax for year to 31/8/12
19 June	PAYE & NIC deductions, and CIS return and tax, for month to 5/6/13 (due 22 June if you pay electronically)
1 July	Corporation tax for year to 30/9/12
6 July	Forms P11D and P11D(b) for 2012/13 tax year, and where appropriate form P9D
19 June	PAYE & NIC deductions, and CIS return and tax, for month to 5/6/13 (due 22 June if you pay electronically); payment of Class 1A NICs for 2012/13 (22 July if you pay electronically)

TAX CHARGE ON TAKING A LOAN FROM A CLOSE COMPANY

If you have an overdrawn loan account with your company, there is a tax charge on the company unless the loan is cleared within 9 months of the end of the period to which accounts are prepared.

Nasty anti-avoidance measures have been introduced to stop companies avoiding the tax charge. In particular when the loan is at least £15,000 and is repaid just before the 9 month deadline but with the intention of re-borrowing from the company, and that intention is carried out, the amount repaid is ignored. That results in a tax charge arising as if the loan had not been repaid in time.

This is likely to catch common arrangements where all withdrawals from the company are treated as debits to the director's loan account and are then cleared before the 9 month limit by way of voting a dividend or salary.

FORMS P11D DUE BY 6 JULY

As mentioned in the tax diary, the deadline for filing the 2012/13 returns of benefits and expenses paid to employees is not far away. Great care is needed in completing these forms which look somewhat innocuous but in reality have to be completed with great care if you want to be certain that all is well on the compliance front.

For further information contact Liz Elliott, Tax specialist on:

T: 0151 647 6681

E: enquiries@mcwallace.co.uk