

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

### FORM P11D COMMON ERRORS

In many cases we of course fill in the dreaded P11Ds for you, but for those who do it themselves you should take a quick look at what HMRC reckon is a list of common errors which can cause problems. We will be pleased to run through them with you as they have just been published.

A problem not mentioned by HMRC, as it does not directly relate to the main form, involves form P11D(b) which is used to declare the Class 1A national insurance contributions payable by the employer on some benefits received by employees. The problem is that if the Class 1A payment arrives before the P11D(b) return has been recorded, the payment made may be automatically reallocated to the current tax year 2012/13 rather than to the tax year 2011/12 covered by form P11D(b). To avoid this, the return should be submitted by the due date of 6 July at the latest but payment should be made after this, so that any electronic payment clears by 22 July (or is received by 19 July if paid by cheque). Strange, but it could well avoid a fair amount of hassle for you.

### PLANNING FOR THE 45% TAX RATE

In the May edition of Tax E-News we gave some preliminary ideas for taking advantage of the reduction in the top tax rate from 50% to 45% as from 6 April next year. We will have a look at some other ideas in later editions, but what you should know is the effect it will have on the income tax payable on dividends, whether received from your own company or from investments.

These are the effective tax rates on the cash dividend received:

your tax rate	effective tax on dividends
20%	nil
40%	25%
45% from 6/4/13	30.55%
50% to 5/4/13	36.1%

So if you pay tax at the top rate, a dividend of, say, £10,000 will cost you £3,610 in tax if paid in the current tax year, but if delayed until 6 April 2013 that goes down to £3,055. That is a tax saving of £555 or 5.55% - well worth having if it is possible to defer payment. No doubt quoted companies will plan their dividend dates carefully to help their personal shareholders.

### DO YOU HAVE TO FILE A TAX RETURN?

Somewhat surprisingly, HMRC are trying to reduce the number of tax returns they get from individuals. In particular they have published their unofficial list of those for whom they will normally ask for a tax return, so that if you are not on that list for any particular tax year you can relax and not bother with a tax return at all!

That is not strictly true, however, as even if you do not come within the list you still need to declare any income or capital gains where a tax liability

# TAX E-NEWS

## Monthly Update

arises and the tax paid at source is not sufficient to cover the full amount due.

Leaving that aside, HMRC have indicated that they only want a tax return if you are within ANY of the following categories:

- self-employed or a partner in a business at any time in the year
- a company director
- receive income of over £100,000
- receive more than £10,000 in savings and investment income
- receive income from letting out property
- receive foreign income liable to UK tax
- employee claiming expenses or professional subscriptions of at least £2,500

### ARE YOU A CUSTOMER OF HMRC, OR A TAXPAYER?

Are you fed up with HMRC calling you a customer, or don't you really mind what they call you? If you wish you were referred to as a taxpayer and not a customer, you can sign a petition on the government's e-petitions site which calls for honesty on this issue.

There have to be 100,000 signatories to have any chance of a parliamentary debate. If you sign up and get clients or customers, friends and colleagues to do so as well, who knows what the total could be?! At least show them that there are plenty of people fed up with being called customers when they have no choice but to deal with HMRC.

The petition can be accessed at <http://epetitions.direct.gov.uk/petitions/17771>

### ADVISORY FUEL RATES FROM YOUR EMPLOYER

The quarterly review of rates from 1 June 2012 resulted in a small decrease of some of the rates for diesel, to reflect the slight fall in the price of that fuel, but the employer can if it wishes use the old rates for June and only apply the new rates from 1 July. That could help you a little, but the petrol rates are unaltered.

Fuel prices have recently reduced as part of a mini price war, but that will seemingly not last long with a 3p per litre increase being imminent as an increase in duty announced by the government.

The rates are:

Engine size	Fuel cost per mile		
	<i>petrol</i>	<i>diesel</i>	<i>LPG</i>
<i>To 1400 cc</i>	15p		11p
<i>To 1600 cc</i>		12p	
<i>1401 to 2000 cc</i>	18p		13p
<i>1601 to 2000 cc</i>		15p	
<i>Over 2000 cc</i>	26p	18p	19p

68 Argyle Street  
Birkenhead  
Wirral  
CH41 6AF  
T: 0151 647 6681  
E: [enquiries@mcwallace.co.uk](mailto:enquiries@mcwallace.co.uk)