



# Newsletter

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THE RIGHT ADVICE FOR YOUR BUSINESS

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## 10 favourite Tax Free benefits in kind

It's P11D time, but have you considered giving your employees benefits in kind that are tax free, here are some to choose from:

1. Pensions – Up to £40k can be paid in to a pension scheme by your employer (2014/15 and 2015/16) and you can use carry forward to pay in even more
2. Childcare – Up to £55 per week but check the rules to make sure your childcare complies ([HMRC Leaflet IR115](#))
3. Mobile Phone – One per employee
4. Cycle Schemes
5. Parties and Gifts – £150 exemption
6. Free Parking
7. Business Mileage Allowance – 45p for the first 10,000 miles then 25p
8. Long Service Award – A bit restrictive as you need 20 years service, the tax free amount is £50 x the number of years
9. Suggestion Schemes – Encouragement Awards £25 and Financial Benefit Awards of up to £5,000
10. Insurance such as Death in Service and Income Protection

From April 2015 there is a new statutory exemption for trivial benefits provided to employees costing less than £50



# Our favourite things in the Budget



## FAST FACTS

£10,600  
Allowance

From April 2015 the personal allowance will increase

£10,600 from £10,000

31 December

Annual Investment Allowance drops from £500,000 to £25,000

## FOR MORE INFORMATION

Contact

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## Income Tax

The personal allowance (£10,000 in 2014/15) rises from £10,600 in the coming tax year to £10,800 in April 2016 and then £11,000 from April 2017.

## Annual Investment Allowance (Businesses)

**£500,000 until December 2015**

The Annual Investment Allowance will be reduced from £500,000 to £25,000 in January 2016 (although this could change) so be prepared for transitional calculations...

## Enterprise Zones

Extended to 31 March 2020 businesses investing in new plant and machinery in ECA sites in Enterprise Zones can qualify for 100% capital allowances.

## Help to Buy ISA

- Invest initial £1,000
- Plus invest up to £200 per month
- One per Buyer
- Tax Free Government Bonus 25% capped at £3,000 on savings of £12,000
- Must be used for purchase of first home

## R&D Tax Credits

An increase in the rate of the 'Above the Line' (ATL) expenditure credit for large company R&D activity from 10% to 11% from 1 April 2015.

An increase in the rate of relief for small and medium enterprises (SMEs) from 225% to 230% from 1 April 2015.

## Employment Allowance

The Employment Allowance which was introduced on 6th April 2014 will continue in 2015/16. If you are eligible you can reduce your employer Class 1 NICs by up to £2,000 each tax year.

## Working from Home – Simplified Expenses

Most people working from home were claiming the £4 per week allowance based on HMRC guidance, but this has now been updated for the self employed.

You can now calculate your allowable expenses using a flat rate based on the hours you work from home each month.

This means you don't have to work out the proportion of personal and business use for your home, eg how much of your utility bills are for business.



The flat rate doesn't include telephone or internet expenses. You can claim the business proportion of these bills by working out the actual costs.

You can only use simplified expenses if you work for 25 hours or more a month from home.

### **Hours of business use per month Flat rate per month**

25 to 50	£10
51 to 100	£18
101 and more	£26

### **Example**

You worked 40 hours from home for 10 months, but worked 60 hours during 2 particular months:

10 months x £10 = £100  
2 months x £18 = £36

Total you can claim = £136

# New rules for Directors Loans

Its very common in Small Businesses for the Directors Loan account to be overdrawn creating a Directors Loan.

If the loan isn't repaid within 9 months of year end the company will pay temporary additional Corporation Tax at the rate of 25% on the balance outstanding.



*Section 455 CTA 2010 liabilities must be included in a company's CT600 tax return. The S455 tax forms part of the calculation of tax payable by the company under Paragraph 8 Schedule 18 FA 1998.*

*A claim to relief under Section 458 is a claim for relief against the original tax charge for the AP in which the loan was made. The time limit for the claim is four years from the end of the financial year in which the loan is repaid, released or written off. COM53120*

Until now there has been no set format for writing to HMRC to reclaim the s.455 tax but now you must use form L2P to enable a close company which has paid tax on a loan to a participator to reclaim that tax once the loan has been repaid, released or written off.

<https://public-online.hmrc.gov.uk/lc/content/xfaxforms/profiles/forms.html?contentRoot=repository:///Applications/IndirectTax/1.0/L2P&template=L2P.xdp>

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