

Business Alert: February 2009

Welcome to Scott-Moncrieff's Business Alert Service, designed to help you keep up-to-date with business and tax legislation. The service provides details of key changes, issues and opportunities, and includes suggested action and links to more information. If you need additional information or have any concerns regarding any of the areas below please contact a member of your client service team at Scott-Moncrieff who will be happy to discuss the implications for your business.

COMPANIES HOUSE – CHANGES TO LATE PENALTIES

From 1 February 2009 late filing penalties will have increased considerably. To encourage company directors to file annual accounts on time Companies House are increasing the cost of failing to comply. For example, what was £100 for being three months late, will cost £375. Also the time frames between penalty rises are shorter.

NEW PENTALTIES

Length of delay in filing	Scale of penalties	
	Private Company/LLPS	Public Companies
Not more than 1 month	£150	£750
More than 1 month, but not more than 3 months	£375	£1,500
More than 3 months, but not more than 6 months	£750	£3,000
More than 6 months	£1,500	£7,500

THE END OF PAPER VAT RETURNS?

HMRC's VAT Notes 4 warn that the phasing out of paper VAT returns starts in just over a year from now. From April 2010 all businesses with annual VAT exclusive turnover will have to file their VAT returns online, and any business registering for VAT will move straight to electronic returns. Businesses making their returns online will also have to pay their VAT by direct debit, but this facility allows extra time for payment, so that the VAT is not paid until at least the 10th of the following month.

BUSINESS PAYMENT SUPPORT SCHEME

The Business Payment Support Scheme has been a huge success. Businesses struggling to meet tax payments can contact special advisers at HMRC who will generally agree a time to pay arrangement within ten minutes on the telephone. Interest will be charged on any late paid tax, but penalties which would normally apply to late payment will not be charged. However, it is important that any business seeking extra time to pay tax liabilities contacts the scheme as early as possible, and sticks to the arrangement made. The telephone number is 0845 302 1435 and the scheme is available until 8pm on weekdays.

HMRC INTEREST RATES REDUCED

HMRC has reduced the interest rates charged on late paid tax, and also reduced the supplement paid when taxpayers overpay their liabilities. Unfortunately, this now means that the rate paid on overpaid income tax and similar amounts is now zero per cent. Further reductions in the bank base rate will not therefore see any further reduction in the rate paid – new legislation has had to be introduced to prevent the rates from becoming negative in the event of further bank rate reductions. Different rates apply to corporation tax, as the resulting interest is taxable on a company. The current rate charged on late paid income and capital gains tax is 3.5%, and on underpaid instalments of corporation tax 2.5%. Late paid corporation tax not due by instalments is also charged at 3.5%.

We believe the information in this Business Alert to be correct at the time it was sent, but cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein.

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