

# ACCOUNTANTS ARE BORING NUMBER CRUNCHERS, RIGHT?

Chartax refreshingly different accountants: 0845 658 0968 | Issue 04 | March 2008 |

## In this month's issue:

- New Tax Relief
- Cycle to Work
- Pay Increase
- Budget Issue

## New Tax Relief

When you buy equipment for your business – vans, computers, desks and so on, currently you can get tax relief on 50% of the cost in the year that you buy the equipment with the remaining tax relief spread over several years.

In a change for the better, the government have changed the rules that apply so that:

- You can spend up to £50,000 in any year on equipment
- 100% of the cost of the equipment can be deducted from business profits – so the tax relief has hugely sped up!

These new rules don't apply to cars.

So if you're thinking of buying some equipment then wait until after 5 April to complete the purchase (sole traders/partnerships) or 31 March (limited companies) and take advantage!



## Pay Increase

Yes, it's time for the annual increase of the NIC and tax thresholds.

The monthly tax free pay figure will increase from £435 to £450 a month from 6 April – so if you have been paying yourself £435 a month, next month is the time for a pay rise!!

## Welcome to the next instalment...

Can you believe it's March already?! April and the start of the tax year is just around the corner and we've found a few pieces of good news for you to think about over the coming weeks – new tax relief on equipment purchases, the cycle to work scheme, and annual NIC and Tax increases. Next month we'll fill you in on the budget implications so watch this space.

As always we've given you the key points in plain language but if you have any questions about how these changes affect you, just call our office. Remember, you should be getting this information from your accountant, so please forward it to friends and colleagues so they keep up to speed (and if you received it this way, just email us and we'll include you in our distribution list).

Happy planning!

**Sue & Nick**  
- your refreshingly different accountants.

## Cycle to Work

If you don't already know, there's a scheme to help your employees get bikes and have the government pay for some of it!

- This is called the cycle to work scheme – so fundamentally the bike needs to be used for cycling to work and other business trips
- Up to 50% of the cost of the bike can be covered by tax, VAT and NIC savings so it can be worthwhile
- The employer should buy the bike and rent it to the employee who then cycles to work on it
- At the end of the period (say 18 months or two years) the bike is sold to the employee at a fair market value

The actual rules are fairly complex and the paperwork needs to be properly in place so talk to us about how you can get a scheme in place.

### More perks for the healthy cyclist

- As an employer with healthy cyclists as employees you can provide them with another perk – you can pay for up to 6 breakfasts (each tax year) tax free!
- If you do business mileage on your bike – riding to see your bank manager, accountant, or indeed any business mileage then you can claim 20p a mile – so it really does pay to exercise those glutes!

## Budget Issue

Next month we will see a whole raft of tax changes as it is "tinker with the tax system" time. Yep, our Darling (Alistair) will be changing the rules on 12 March.

We will give a little time for the details of the "fine tuning" to be announced by the Revenue and let you know the full story in our next newsletter. Meantime if you have any concerns – just get in touch.