

ACCOUNTANTS ARE BORING NUMBERS CRUNCHERS, RIGHT?

In this month's issue:

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- Company fuel rates
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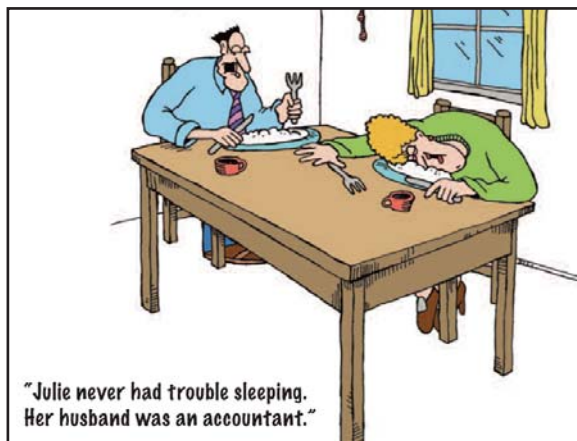
Employee or director mobile phone bills

Rules have changed. There are no tax charges where:

- Any employee has only one mobile phone paid for by the employer.
- The contract **must** be in the company name

BUT there will be tax / NIC charges if the phone contract is in the employee's name or the employee has more than one company phone.

You have been warned - the Revenue are now looking at this closely (in the past they used to let it go) - and the tax/NIC due could be surprisingly high if you get it wrong.



VAT & private fuel

If you are VAT registered and:

- You claim back VAT on fuel and,
- There is some degree of private motoring in those cars

Then you have to make a quarterly adjustment to pay VAT on the private motoring at the flat rate dictated by the VAT office.

- The rates have changed from 1/5/07 and are now based on CO2 emissions - which will be a bit of a pain! If you don't have the rates handy please contact us.

Welcome to our inaugural newsletter

Those of you who know us, know that not all accountants are boring. This newsletter is designed to be NOT BORING and also NOT USELESS. We'd love you to read the whole of it but if you're more interested in skimming - use the links to your left to click straight to bits that interest you.

We know you're time precious, so why not set up a rule your email programme so our newsletter goes straight to its own folder. That way when you do have a minute to spare, you don't have to hunt through your emails.

We're keenly interested in your feedback so tell us what you love and loath and we'll make it even better.

Right now, why not take a look?

Sue & Nick
- your refreshingly different accountants.

Tax for couples with companies

A tax case has just been won... by the taxpayer! *The Arctic Systems case for techies out there!*

The story was that Mr and Mrs Jones each had 50% of a consultancy services company. Company dividends were paid jointly to Mr and Mrs Jones in the region of £70,000, and herein lies the rub - without paying higher rate tax or NIC!

After several appearances in court, they won - the judgement being:

Although Mr Jones earned most of the profit in the company and did all of the income generating work, it was legal for them to pay dividends to Mrs Jones (escaping 40% tax on her share of the dividends) because she had no other income.

Good news for civil partnerships and marriages with companies!
But take care because:

- Everyone's situation is different - check it out with your accountant.
- The government has vowed to change the law - so watch this space

Home computers for employees & limited company owners

If you have a Limited Company, or you have employees and you provide computers or broadband for use at home (including working from home) to employees or directors:

There are no tax charges as long as:

- Any computer is provided mainly and principally for work reasons
- Any computer is owned by the employer/company (there is a tax charge if it is given to the employee)
- Any Internet connection must be a contract in the company / employer name
- Private use is insignificant

BUT you will be due a tax / NIC charge if the broadband/phone link are in the employee's name and charges are reimbursed by the employer/company.

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Chartax refreshingly different accountants: **0845 658 0968** | Issue 01 | October 2007 | Give to a colleague

Company fuel rates

Fuel rates for company cars have changed. This only applies where the employer / company owns the car being used.

The new rates (pence per mile):

Petrol	under 1400cc	10p
	1400 – 2000cc	13p
	Over 2000cc	18p
Diesel	under 1400cc	10p
	1400 – 2000cc	10p
	Over 2000cc	13p
LPG	under 1400cc	6p
	1400 – 2000cc	8p
	Over 2000cc	10p

If the car is owned by the employee then higher rates apply, but these have not changed.

[email us for more information](#)

Changes to holiday entitlement rules

The rules will change from 1st October 2007.

If you are already paying your full time employees 20 days a year plus all bank holidays (another 8 days) then there is no change.

However, if your employees are only getting 20 days which includes bank holidays, which is perfectly legal at present, from 1st October 2007 they are entitled to 24 days including bank holidays.

From 1st October 2008 they will be entitled to 28 days (including bank holidays). So from 1st October 2008 all employees will get a minimum of 4 weeks and all 8 bank holidays.

This also affects part time employees. From 1st October 2007, part time employees are entitled to the same holiday entitlement as full time employees (on a pro rata basis). That means - if they work 3 days a week and full timers worked 5 days a week, the part timers would be entitled to $3/5 \times 24$. From 1st October 2008 it would be $3/5 \times 28$.

We realise these are legal minimums and you can, of course, pay your employees for more days than this if you wish. Now wouldn't that be refreshingly different.

[email us for more information](#)