

Our newsletter this month contains the following articles: HMRC is reconciling PAYE tax records for 2010-11 and so under and over payment notices are on their way; HMRC's published list of assets that can be sold without capital gains tax charge; a change to the reporting of property transactions and; a note of tax exemptions for amateur sports clubs.

Our next newsletter will be published 6 September 2011.

First the good news and then...

Last month HMRC started an automated reconciliation of UK taxpayers' PAYE records.

Tax overpayments 2010-11

Initially HMRC will be looking for taxpayers who have overpaid tax. By the end of September 2011 HMRC should have submitted forms P800s and refunded any tax overpaid. It is estimated that up to 3.5m taxpayers will be repaid an average of £340 each.

Tax underpayments 2010-11

In the following quarter, to the end of December 2011, HMRC will be sending out P800s to taxpayers who have underpaid tax for 2010-11. It is estimated that 1.2m people will owe an average of £550 each. In most cases the tax will be recovered by reducing code numbers for 2012-13.

It is worth noting that for 2010-11 the de minimis amount below which underpayments are written off is reduced from £300 to £50. Also, the maximum liability that can be recovered by a reduction in a code number will increase from £2,000 to £3,000 for 2012-13.

Tax free chargeable gains

There's a lot of information published about the amount of capital gains tax you will need to pay if you sell a chargeable asset. And of course you can sell chargeable assets and the first £10,600 of taxable gains is exempt from a tax charge in the current tax year, 2011-12.

We thought it might be of interest to list items that can be sold with no fear of capital gains tax arising on the sale. Here's HMRC's published list and please note that a chattel, referred to in the list, is the personal variety; defined as 'an item of movable, personal property'. In plain English personal effects or household goods:

- private motor vehicles
- an individual's only or main residence (having gardens or grounds of half a hectare or less) which has been occupied as such throughout the period of ownership
- tangible moveable property, that is items such as household goods and personal effects, worth less than £6,000
- chattels with a predictable life of 50 years or less (unless used for the purposes of a trade, profession or vocation)
- SAYE (Save-as-you-earn) contracts
- National Savings Certificates

- Premium Bonds
- British Government Securities
- qualifying corporate bonds
- certain investments in Personal Equity Plans, Individual Savings Accounts and under the Business Expansion Scheme
- the receipt of personal injury compensation
- the receipt of winnings from betting, including pool betting, or lotteries or games with prizes.

Remember though, if you do sell anything it is worth checking with us whether there could be any capital gains tax to avoid any nasty surprises!

Keeping tabs on property purchasers

From 4 July 2011, the stamp duty land tax forms that are required to be submitted to HMRC when a property is purchased have changed.

The significant change is that the 'lead' purchaser is now required to enter information on the form that will enable HMRC to track down their tax records!

The unique identifiers required are:

- for individuals, their National Insurance number
- for companies and partnerships, their Unique Taxpayer Reference (UTR) or VAT registration number

So please bear in mind that when you buy a property from now on, details of the purchase will likely be sitting on your file at the tax office.

Amateur sports clubs tax exemption

If you help run a local sports club, i.e. the kids' football team, tennis club or other organised sports activity, you may be interested to learn you can apply to HMRC to be treated as a registered community amateur sports club, a CASC.

If your club fits the following criteria there are a number of significant tax exemptions. The main qualifying conditions are:

- the club must be open to the whole community
- the club's main purpose must be to provide facilities for eligible sports, and to encourage people to take part in them
- the club must be organised on an amateur basis

The club must also be able to show that:

- it is set up and provides its facilities in an eligible area
- it is managed by fit and proper persons

The corporation tax reliefs that you can expect if you do register exempt the following sources of income:

- trading profits, if the turnover is no more than £30,000 per year (if turnover is more than £30,000 all trading profits are taxable)
- income from letting property, if the rent is no more than £20,000 per year (if letting income is more than £20,000 no exemption is possible)
- any interest your CASC gets
- any capital gains it makes
- any Gift Aid donations

Additionally, you may qualify for relief from non-domestic rates. In England, Wales and Scotland, this amounts to 80% rates relief. Contact your Local Authority finance department to apply.

Tax Diary August/September 2011

1 August 2011 - Due date for corporation tax due for the year ended 31 October 2010.

19 August 2011 - PAYE and NIC deductions due for month ended 5 August 2011. (If you pay your tax electronically the due date is 22 August 2011).

19 August 2011 - Filing deadline for the CIS300 monthly return for the month ended 5 August 2011.

19 August 2011 - CIS tax deducted for the month ended 5 August 2011 is payable by today.

1 September 2011 - Due date for corporation tax due for the year ended 30 November 2010.

19 September 2011 - PAYE and NIC deductions due for month ended 5 September 2011. (If you pay your tax electronically the due date is 22 September 2011).

19 September 2011 - Filing deadline for the CIS300 monthly return for the month ended 5 September 2011.

19 September 2011 - CIS tax deducted for the month ended 5 September 2011 is payable by today.

DISCLAIMER - PLEASE NOTE: The ideas shared with you in this email are intended to inform rather than advise. Taxpayers' circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

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