

Our newsletter this month contains the following articles: a summary of the draft clauses for next year's Finance Bill published on 6 December 2011; details of relaxed rules regarding smaller pension pots; a 'duty free' update; and finally, an update on the Winter Fuel Allowance.

Our next newsletter will be published 2 February 2012.

Tax changes next year and beyond

On 6 December 2011 HMRC published draft clauses for the 2012 Finance Bill. This will set the scene for tax changes in 2012-13 and subsequent tax years. Notable items include:

1. From 1 April 2013 companies will be able to apply a 10% tax rate on profits attributable to patents and other intellectual property.
2. Research & Development tax credits are to be improved.
3. The new statutory residence test is to be introduced from April 2013, a year later than expected.
4. A new scheme to encourage investment in new, small start up companies will be launched from April 2012. The scheme will be a variant of the present EIS scheme and will be known as the Seed Enterprise Investment Scheme. Whilst reliefs may be greater, investment limits are more restricted.
5. The present EIS and Venture Capital Trust legislation will be more restrictive in order to focus on higher risk activities.
6. The UK tax position of certain non-domiciled individuals is changing from 6 April 2012. The good news is that non-doms will be able to bring in funds to invest in the UK without being penalised; the bad news is that for non-domiciles who have been resident in at least 12 of the previous tax years, the present annual charge payable to secure more favourable tax breaks is to increase from £30,000 to £50,000 from April 2012.
7. The UK Controlled Foreign Company (CFC) rules are to be relaxed in certain circumstances. Not all of the expected changes in this area have been published – the remainder are expected to be made public shortly.

Cash in smaller pension pots

Changes to the present pension tax rules will allow over 60s to cash in up to two pension pots as a lump sum.

- Changes apply from April 2012.
- Pension pots of up to £2,000 in value can be considered for this treatment.
- HMRC will allow 25% to be taken free of tax. The balance will be taxed at individual's marginal income tax rate.
- Only two pension pots can be considered.

Buying or bringing back goods from abroad

When travelling from the EU to the UK

You do not have to pay any tax or duty on goods you have bought in another EU country as long as:

- tax was included in the price when you purchased the items,
- the items are for your own use, and have been transported to the UK by you.

Own use includes gifts, but does not include any item that is intended to be used as payment or to be resold.

If you bring back large quantities of alcohol or tobacco, a Customs Officer is more likely to ask about the purposes for which you hold the goods – they will assume that they are not solely for your own use.

This will most likely be the case if you appear at the port or airport with more than:

- 800 cigarettes
- 400 cigarillos
- 200 cigars
- 1 kg of smoking tobacco
- 110 litres of beer
- 10 litres of spirits
- 90 litres of wine
- 20 litres of fortified wine e.g. port or sherry

EU countries currently include: Austria, Belgium, Bulgaria, Cyprus (Greek part), Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Irish Republic, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain (but not the Canary Islands), Sweden and the United Kingdom (but not the Channel Islands). Gibraltar is excluded for this purpose.

When travelling from outside the EU to the UK

You are allowed to bring in the following, provided you travel with the items and do not intend to sell them.

- 200 cigarettes, or 100 cigarillos, or 50 cigars, or 250g of tobacco
- 4 litres of still table wine
- 1 litre of spirits or strong liqueurs over 22% volume; or 2 litres of fortified wine, sparkling wine or other liqueurs
- 16 litres of beer
- 60cc/ml of perfume
- £390 worth of all other goods including gifts and souvenirs

Buying online or receiving gifts from abroad

Those buying online or by mail order from outside the EU will have to pay VAT if the value of the package is over £15. Customs duty may also be payable for goods over £135.

Those receiving gifts from outside EU will be charged import VAT if the package is valued at more than £40.

Winter Fuel Allowance

This allowance is paid tax free. This year the payment is worth £200 per household. If one of the persons eligible is over 80 this increases to £300.

Please note that to be eligible for this payment in 2012 you need to have been born before 5 January 1951. This particular allowance is linked to the current women's state pension age.

Consequently, men under their own state pension age but born before 5 January 1951 are eligible to claim. It will be necessary to make a formal claim in the first year. The claim form can be downloaded from the link that follows or you can call the help line on 0845 915 1515.

http://www.direct.gov.uk/prod_consum_dg/groups/dg_digitalassets/@dg/@en/@over50/documents/digitalasset/dg_198683.pdf

Tax Diary January 2012/February 2012

1 January 2012 - Due date for corporation tax due for the year ended 31 March 2011.

19 January 2012 - PAYE and NIC deductions due for month ended 5 January 2012. (If you pay your tax electronically the due date is 22 January 2012)

19 January 2012 - Filing deadline for the CIS300 monthly return for the month ended 5 January 2012.

19 January 2012 - CIS tax deducted for the month ended 5 January 2012 is payable by today.

31 January 2012 – Last day to file 2011 self-assessment tax returns online.

31 January 2012 – Balance of self-assessment tax owing for 2010-11 due to be settled today. Also first payment on account for 2011-12 due today.

1 February 2012 - Due date for corporation tax payable for the year ended 30 April 2011.

19 February 2012 - PAYE and NIC deductions due for month ended 5 February 2012. (If you pay your tax electronically the due date is 22 February 2012)

19 February 2012 - Filing deadline for the CIS300 monthly return for the month ended 5 February 2012.

19 February 2012 - CIS tax deducted for the month ended 5 February 2012 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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