

## A COLOURFUL CONSIDERATION OF CARS AND TAXES

It is said that you can tell a lot about a person from the type of car that they drive. Even the colour of car chosen can apparently make a difference with fiery red cars, for example, being favoured by those with passionate natures and blue signifying a loyal person who is calm and serene. A black car is said to epitomise a desire for power and authority. The Chancellor, of course, would like us to choose green!

We have all seen the headlines about extra tax charges being targeted at the so called "gas-guzzlers" and there is no doubt that the aim is to penalise the drivers of fuel hungry vehicles whilst rewarding those that do less damage to the environment. This may seem a reasonable policy to encourage people to think carefully about choosing a vehicle that meets their needs but there are some who really are reliant on larger vehicles for their daily lives such as families, rural dwellers and farmers.

In days gone by, the tax system used to recognise the fact that some drivers used their cars out of necessity. The company car benefit system, for example, was based on the level of business usage with those having high business mileage being taxed less heavily than those who used their cars mostly for private purposes. Nowadays, however, it does not matter whether a company car is provided mainly for business use or purely as a private perk.

The taxable benefit calculation is the same and is based on the level of CO2 emissions. It is really necessary to do the sums to consider whether the tax charge is worthwhile particularly when fuel is also paid for by the employer.

Where employees use their personal cars for their employer's business, reimbursement can be made by the employer without triggering a tax charge as long as the amount reimbursed is within the approved mileage rates laid down by HM Revenue & Customs. The tax and NIC free approved mileage rates apply to all vehicles regardless of cost or engine size.

costs of motoring.

It is not all bad news as far as cars and the tax system is concerned. Normal motor cars are exempt from capital gains tax when they are sold and this exemption extends to vintage cars. The capital gains tax exemption should also extend to personal number plates as long as these are sold with the car to which they are attached.

The tax treatment of cars has been subject to much scrutiny over the years with various Chancellors aiming to stamp their own mark on the tax rules depending on the hot political topic of the time. Tax legislation will come and go and will no doubt affect our choices when considering car purchases. Overall, however, the tax position is unlikely to be a significant influence on the wealthy individual who considers his car an important status symbol.

My own car, incidentally, is silver. It is parked in the office garage and since HMRC allow a specific exemption where employers provide parking at or near the place of work, this does not give rise to a taxable benefit for me. It is said that silver cars represent prestige, wealth and luxury. That does sound good to me!

For more information get in touch with Moira McMillan or your usual C+T contact.



The approved mileage rates are:

- 40p per mile for the first 10,000 miles
- 25p per mile for each additional mile

The 10,000 mile limit applies for the number of business miles in the tax year and the rates have remained unchanged for many years despite the increasing

# Protection of Existing pensions Pension Rights at A-day

The Finance Act 2004 provided a raft of transitional rules to allow registered pension scheme members who have built up large rights before A-day (6 April 2006) to protect these against the Lifetime Allowance Charge. Benefits in excess of the Lifetime Allowance will be subject to this Charge unless the individual has registered for transitional protection. For pension rights held in tax approved occupational pension schemes, personal pension schemes and other schemes there are two main types of protection, Primary and Enhanced Protection. However, these are optional, not automatic, and the intention to rely on them must be notified to HMRC on the appropriate form by 5 April 2009. Notification can also be given online at [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

With less than a year left to register you should contact CTFS Limited on 0131 558 5800, or your usual pension adviser to check what action you should take.



## Equitable Life Compensation for Policyholders

Following the publication of a report outlining the results of the Parliamentary Ombudsman's enquiry – *Equitable Life: a decade of regulatory failure* – the report revealed “serial regulatory failure” throughout the 1990's.

**The Parliamentary Ombudsman has recommended that:**

- **Policyholders should be compensated by the government.**
- **Parliament should establish a compensation scheme within 6 months, with payments to current and former policyholders to be completed within 2 years.**

CTFS Limited await the establishment of the recommended compensation scheme and will be in contact with our clients to advise the best way forward. If you have any present concerns or queries about the Parliamentary Ombudsman's report, please contact Lorna Shields or Robert Bell on 0131 558 5800.

## PAPERWORK RULES! charities+ education



Charities are heavily regulated under various provisions. One of the latest set of rules deals with the requirement for documents to include key information. The key information should include:

- The charity name, as it appears on the Scottish Charity register.
- A reference to being charitable, if this does not appear in the name.
- The Scottish Charity number.

Euan Morrison of Chiene + Tait's specialist Charities Group explains, “This key information needs to be included in a range of documents from fundraising literature, to emails.”

Full details are in our “inform” summary available via the Chiene + Tait website ([www.chiene.co.uk](http://www.chiene.co.uk)>library>inform>charities&education>charities references in documents) or from your usual contact.

Euan adds, “In addition to these rules, corporate charities must also comply with the general rules relating to companies.”

The 2008 revision of the Statement of Recommended Practice (SORP) "Accounting by registered social landlords" has had a long gestation period: the Exposure Draft was first issued in 2006. Due to an extended consultation over the draft proposals dealing with shared ownership sales and mixed tenure developments, it has been issued for implementation for accounting periods beginning on or after 1 April 2008.

Fiona Fleming from our Social Housing Group commented that the most significant areas of technical amendment from the 2005 SORP include:

- Shared ownership properties;
- Donated land or land acquired at below market price (including land acquired as a result of planning legislation);
- Stock transfers; and
- Related party disclosures

Further details are set out in our "inform" summary :- [www.chiene.co.uk/library/inform/social housing>RSL SORP 2008](http://www.chiene.co.uk/library/inform/social%20housing/RSL%20SORP%202008)



## New Regulator for RSLs!

Communities Scotland is no more! In accordance with the manifesto promise of the Scottish Nationalist Party, the regulator and funder has been abolished by the Scottish Government. From 1 April 2008, The Scottish Housing Regulator (SHR) came into being and took over the regulation and monitoring functions of Communities Scotland. Most of the non regulatory functions of the defunct body were absorbed into the Government's Housing and Regeneration Directorate.

# ALL CHANGE FOR TAX taxtalk

Legislative changes will often result in tax reliefs being withdrawn and new provisions introduced; we have seen this in recent years with the major capital gains tax changes and the changes to the taxation of trusts. It is important that affairs are regularly reviewed to ensure that the benefits of reliefs do not only become apparent when they are withdrawn!

The following ten questions are designed to identify some reliefs that are currently available, and some recent changes:

1. Are your borrowings structured to ensure that income tax and potential inheritance tax reliefs are maximised?
2. Do you have a second residential property and have you considered the available PPR election?
3. Do you take remuneration from a family company in the most efficient combination of remuneration, dividend and pension provision?
4. Have you considered your business structures in the light of the new entrepreneurs' relief?
5. Have you made sufficient provision for retirement?
6. Have you considered the potential inheritance tax liability that would arise on your death and what mechanisms there may be to reduce it?



7. Do you have any assets that have become of negligible value? It may be possible to claim a capital loss.
8. Are you making use of annual reliefs such as the ISA allowance and capital gains tax exemption?
9. Have you considered making a VAT 'option to tax' of non residential rented properties to maximise input tax recovery?
10. Has your capital gains tax planning taken into account the implications of the flat rate 18% rate?

Perhaps it is time to arrange a review of your affairs in case you may miss out. Get in touch with Helen Mackenzie, or your usual C+T contact for more information

# Let Chiene + Tait's IT Team, Take the Technical Strain



Although it's a service not normally associated with a firm of Chartered Accountants, Chiene + Tait (C+T) offer a range of business support facilities, one of which is our IT services. This resource is targeted largely at owner managed businesses who do not require their own full time IT team, and choose instead to outsource this responsibility. The C+T IT team are highly skilled and have achieved a wide range of professional certifications covering Microsoft Technologies, Service Management and Project Management. In addition to personal certifications, they have recently been awarded the status of Microsoft Certified Partner, with a special recognition in Network Infrastructure Solutions. Specialist services include:



- **IT Support:** Clients receive proactive monitoring and maintenance of key systems to ensure that any problems are identified quickly, with steps taken to resolve and to ensure they do not happen again.
- **IT Strategy and Consultancy:** With a recognised specialism in Network Infrastructure Solutions, C + T is in an ideal position to assist you in devising and delivering the right IT strategy for your business.
- **Software Development:** We offer a variety of software solutions from bespoke database design to the extension of Microsoft Office applications.

Our clients vary in size and industry sector; however every client receives the same high quality of service from our team. Tracey Brown, Office Manager at Edinburgh law firm Lawford Kidd comments, "Chiene + Tait has always given me an excellent service all round. The staff are very professional and pleasant to work with. They are always very quick to respond to any of my problems/queries and will arrive on-site the same day to fix any problems. I find it a huge relief to have such a reliable IT Support."



If you would like to know more about C + T's IT Team and how we can help you, please contact Sean Macdonald, IT Manager on 0131 558 5800 email [sean.macdonald@chiene.co.uk](mailto:sean.macdonald@chiene.co.uk) or visit our website [www.chiene.co.uk](http://www.chiene.co.uk).



Allan Forbes Photography

## Corporate Advisory Service

As the world gets more complex, so do the needs of some of Chiene + Tait's business clients. As a response, C+T has grouped together some of our specialist services. The Corporate Advisory Service (CAS) offers assistance on a project basis in areas such as:

- Opinions on accounting issues.
- Share based accounting.
- Back office services, such as quasi finance director function.
- Coordinated accounting and tax advice for transactions.

Please contact Kenny McDowell or David Collier on 0131 558 5800 for further information.



## New for you...

The Chiene + Tait website now contains over 120 inform summaries, giving concise guidance on key areas of tax, company law, accounting and employment law. Recent new topics include:

- "Free Share Award" Scheme
- Late Filing Penalties
- Loans by Close Companies
- Charities References in Documents

Recent updated topics include:

- Personal Foreign Dividends
- Car Mileage Allowances

You can obtain copies of these summaries from our website at

[www.chiene.co.uk](http://www.chiene.co.uk)>library>inform.

Alternatively, please ask your Chiene + Tait contact for copies of any Inform that may be of interest to you.

# Chiene+Tait

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