

Marshall Roche Newsletter

Christmas 2003

Christmas Dinner

The annual allowance for staff functions has been dramatically increased to £150 per head. So long as the function is available to employees generally within the company or to those at a particular location, there is no tax charge on the employee for this 'benefit'. If employees bring their partners, the allowance is doubled.

The allowance covers the cost of food and drink, transport and accommodation. It also applies to all employers, no matter how small.

Even if you are the only employee of your limited company, you can take your wife / partner out for a slap up meal, with accommodation etc. thrown in, spending up to £300 in total, and its tax deductible if the company pays the bill!

So have fun, but don't exceed the allowance because, if you do, all of it becomes taxable..

Merry Christmas

*and a
Happy & Prosperous New Year
from everyone at
Marshall Roche*

This year we have donated our Christmas card fund to the **National Asthma Campaign** (www.asthma.org.uk), which funds research into the causes and alleviation of asthma as well as helping sufferers.

Thank you



Property investment

With every other television programme showing you how to buy, do up and sell property, or how someone or other made their fortune from letting out property, it is no surprise that more people are turning to this as an alternative form of long-term investment. However, beware of the tax pitfalls – a little planning can save a lot of tax.

Income tax will apply if you are ‘trading’ in property, whilst capital gains tax will apply if you are investing for the longer term. Capital gains tax tends to work out cheaper.

If investing as husband and wife, consider how best to apportion ownership (and therefore income) to minimise tax – but you must notify the Inland Revenue in advance – don’t wait until the end of the tax year!

The most tax efficient way to profit from the property boom is to do up your own home, as this is currently free from tax on any profit you make.

If you live in a property before letting it out, you will make big savings on capital gains tax, even after you have moved out.

Getting it wrong can cost thousands of pounds in unnecessary tax. Planning is the key – if you would like to talk through your ideas with Tony Marshall, call us now to arrange a consultation.

Falling profits?

If you are self-employed, you will pay your tax for 2003/04 in two instalments, in January and July 2004. If you expect your income to be lower than last year, you can elect to reduce the payments.

However, if you underestimate your income, you will end up paying interest on the tax from the date you should have paid it.

If you think your income for 2003/04 is likely to be down on last year, let us know and we can take the appropriate action.

Tax free PIEs

If you travel overnight on business, your employer can pay you up to £5 per night for ‘personal incidental expenses’ or PIEs. If you travel abroad, this is increased to £10 per night. This is to cover newspapers, calls home etc. and you don’t have to get receipts.

However, if you receive more than the allowance, all of it is taxable, not just the extra.

If you own your own company, you can pay yourself and take advantage of this tax free allowance.

Tax returns – last call

As (almost) everyone knows by now, the deadline for tax returns is the end of January. The penalty for missing this deadline is up to £100.

If you have not yet let us have the information to prepare your return, please now do so without delay.

As always, we cannot guarantee that the deadline will be met if we get too many come in at the last minute.

Tax due in January

The due date for the balance of tax for 2002/03 and the first instalment for 2003/04 is 31 January 2004. Tax not paid by then will incur interest.

If payment is not made by the end of February, an additional 5% surcharge is levied.

Words of Wisdom

A wise old man told me the secret of inner peace – he said ‘Finish what you have started’

I looked around me and saw all the things I had started and not finished.

*So I finished off a bottle of red wine, a packet of biscuits, a box of chocolates, a large reefer and some brandy. **And, you know... he was dead right!***

Happy Christmas!!

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