



## Business Alert: August 2007

Welcome to Scott-Moncrieff's Business Alert Service, designed to help you keep up-to-date with business and tax legislation. The service provides details of key changes, issues and opportunities, and includes suggested action and links to more information. If you need additional information or have any concerns regarding any of the areas below please contact a member of your client service team at Scott-Moncrieff who will be happy to discuss the implications for your business.

### Husband and Wife Company Win

Mr and Mrs Jones appealed against an assessment to tax raised under the settlement legislation, which sought to treat dividends paid to Mrs Jones as the income of her husband. The ruling brings to an end a long series of appeals, in which the couple were first successful in the Court of Appeal. The Lords ruled that the legislation did not apply to them, but for different reasons than those found by the Court of Appeal. The decision is good news for many husband and wife companies – but their victory will probably be short lived. Within days of the Court ruling, the Government announced that there would be a change in the law to ensure that “income splitting” as it is known by HMRC would not be possible. No details of the planned changes to the legislation are yet available.

### Floods Helpline

The HMRC floods helpline will advise about payment of tax and submission of returns which have been delayed due to flooding. Penalties for late payment of tax and late returns will be waived for those businesses affected directly by flooding, and HMRC will help and advise where accounting records have been destroyed. The helpline is on 0845 3000 157. New powers will be introduced in the Finance Bill 2008 to permit the remission of interest and penalties in these situations.

### Tax Free Incentive Cheques Delayed

HMRC has announced that as a result of a very high number of requests for payment, the issue of cheques in respect of incentive payments due for 2006-07 has been delayed. Cheques will only be issued if the employer believes that no payments will be due in 2007-08, against which the incentive credit could be set. The authority has asked employers to be patient.

We believe the information in this Business Alert to be correct at the time it was sent, but cannot accept any responsibility for any loss occasioned to any person as a result of action or refraining from action as a result of any item herein.

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