



## Business Alert: June (2) 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.

### Disclosure of Income from Foreign Bank Accounts

The latest date by which those with undeclared income from foreign bank accounts can notify HMRC of their intention to disclose is 22 June. The penalty for undeclared income under these rules is limited to 10%, but it is not an amnesty; tax and interest will be due for all relevant years. In the first instance, those wishing to make a disclosure will need to notify HMRC of their intention, but do not need to compute the amounts and pay the tax due at present. The tax must be calculated and paid by 26 November 2007. The penalty cap also applies to any type of undeclared income, including UK income.

### Motoring Expenses and VAT

The VAT Notice 700/64, dealing with VAT on motor expenses has been updated and reissued. It is available from the HMRC website. The revised leaflet deals with all aspects of recovering VAT on business cars and their running costs, and in particular has been updated to reflect the new arrangements for paying a scale charge on the private use of fuel on which VAT has been recovered. If the business chooses to recover VAT on fuel used in a car which has private use, the business must pay a scale charge (output tax). This is now arrived at by using the official emissions figure for the car, rather than the engine capacity. If businesses do not consider this beneficial, they have only one alternative, which is to "block" the VAT on all fuel purchases. No other method of accounting for VAT on fuel in cars with private use is acceptable.

### Construction Industry – Keeping Gross Payment Status

Under the new Construction Industry tax scheme (CIS) there are rules allowing more frequent checking of subcontractors' compliance status. The legislation provides that a subcontractor may be removed from gross payment **at any time** if he then fails to meet the criteria for registration for gross payment. This would arise when the subcontractor has breached his compliance requirements. HMRC ran a test check of all subcontractors registered for gross payment in March 2007, and around 40% failed. Although the new rules were not in force at this point, the level of potential failure was of concern to HMRC, so the decision was taken to remind subcontractors of what they need to do. The letter sets out what failures are disregarded and reminds contractors to keep up to date with payments and returns.

### £25 Million Interest-free funding up for Grabs

UK entrepreneurs have been given the chance to secure £25m interest-free funding for a period of three years as part of a new initiative by Bank of Scotland Corporate.

Funding of £5m will be made available to five regions across the country: Scotland and Northern Ireland; London; Midlands and Mid Wales; North of England and North Wales; and South of England and South Wales.

One company in each of the five regions will be awarded the funding package, which is intended for established businesses looking to turn inspirational business ideas into profit-making reality.

For more information please visit [www.theboschallenge.co.uk](http://www.theboschallenge.co.uk)

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.

Scott-Moncrieff ([www.scott-moncrieff.com](http://www.scott-moncrieff.com)), one of Scotland's leading independent professional services firms, provides industry focused audit, tax, business advisory and corporate consulting services to commercial, public sector, not-for-profit and private clients. © Scott-Moncrieff Chartered Accountants 2007. All rights reserved.