



Business Alert: June 2008

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.

Construction Industry Scheme Modifications

Regulations have been released to change the construction industry compliance requirements by introducing a de minimis of £100. The effect of this is to permit contractors to meet the compliance conditions even where there have been late payments of tax, provided the amounts paid late do not exceed £100. This will alleviate the position for contractors who have paid tax very slightly late (but within the tolerance allowed by the compliance rules) and incurred a small interest charge which has remained unpaid for some time. This would cause the contractor to lose gross payment status, but the new rules allow this to be ignored.

Increased Personal Allowance

The basic personal allowance has been increased by £600 over the inflation increase that would otherwise have taken effect to compensate lower earners for the abolition of the 10% rate of income tax. However, the effect of this change will not be felt for some months yet, as the proposal will result in employers adopting the new personal allowance in September 2008. The effect of the change can then be backdated to the start of the tax year. Higher rate taxpayers are unaffected by this change, as the upper limit of the basic rate band has been correspondingly reduced.

Vat Law Rewrite Complete

Work started some 12 months ago to rewrite Schedule 10 of the VAT Act 1994. The relevant legislation was in Schedule 10 of the Act, and the work is now complete, as evidenced by the release of the rewritten legislation as the VAT (Buildings and Land) Order 2008. This is effectively a new Schedule 10 to the VAT Act 1994. Notice 742A has also been rewritten to reflect the new legislation.

Advisory Fuel Only Rates

The HMRC advisory fuel rates have been increased to reflect fuel price inflation since they were last increased in January 2008. The new rates are based on the price of 114.8p for unleaded fuel, and 127.2 for diesel. The new rates are :

	Unleaded	Diesel	LPG
Up to 1400cc	12p	13p	7p
1400 - 2000cc	15p	13p	9p
Over 2000cc	21p	17p	13p

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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