



Business Alert: October 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.

LETTING PROPERTY DEVELOPMENTS

Building new residential property for sale is an activity which permits the developer to recover almost 100% of the VAT he bears. However, if the property is subsequently let rather than sold, this compromises the VAT already recovered, as letting is an exempt activity, with no right of recovery of input tax. Because this is a common issue at present, HMRC has issued guidance to businesses to advise them of how to proceed with regard to both VAT already recovered, and also VAT borne in relation to the property while it is let. There is a Revenue & Customs Brief 44/08, and also VAT information sheet 07/08, which includes detailed examples of the calculations to be made.

MINIMUM WAGE RATES

The new rates, effective 1 October 2008 are :

Full (adult) rate £5.73 per hour

Development rate (18 – 21) £4.77 per hour

Youth rate (under 18 but over compulsory school age) £3.53 per hour.

GIFT AID CHANGES

With the reduction in basic rate tax, charities giving donors an idea of the tax reclaimed on their gift will need to make changes in their gift aid statements. A new draft gift aid certificate has been produced by HMRC to illustrate how this should be done. Charities are free to use the model certificate or adapt it as they desire. A range of forms is available from <http://www.hmrc.gov.uk/charities/forms.htm>

VAT AND DUTY ON FUEL

Duty rebates applying to fuel for pleasure boating and flying are withdrawn from 1 November 2008, as the derogation from the EU rules ends. However the fuel remains subject to reduced rate VAT, so suppliers will have to ensure that their accounting systems are adapted accordingly.

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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