

## **YOUR CAR**

As a self employed person you get tax relief on the business proportion of your motoring costs. Employees using their own cars can claim 40p per mile tax free for the first 10,000 miles (25p thereafter). If the vehicle is used for a mixture of business and personal journeys -the revenue require you to keep a log.

**To avoid arguments with the Taxman we suggest you keep a simple notebook or diary in the car and jot down the details every time you make a business journey.**

## **VAN MAN**

If you are provided with a company car then the tax you pay depends on its list price and the level of its CO<sub>2</sub> emissions. However the rules for vans are different and they will change in April 2005. If the van is available for any private use, including home to work travel, then you currently pay tax on a benefit charge of £500 (£350 if the van is 4 or more years old). From 6<sup>th</sup> April 2005 there will be no tax charge if the only private use is restricted to home to work travel or is insignificant (visiting a newsagent on the way to work is insignificant - but doing the weekly supermarket shop isn't!). If you don't restrict your private use in this way then from 6<sup>th</sup> April 2007 you will suffer a greatly increased taxable benefit charge on the van of £3,000.

**Action point- restrict the private use of company vans and inform the Revenue now so that PAYE codes can be adjusted.**

## **CHILDCARE**

From 6<sup>th</sup> April 2005 employers can provide, tax free, up to £50 per week in childcare vouchers per employee. The childcare must be 'approved' but can't be by your spouse or by a relative in your own home. Vouchers are available to both men and women.

**Tax planning - parents could get £100 per week between them even if both are working for their own personal company.**

## **YOUR PROPERTY**

There are numerous opportunities around to take advantage of tax reliefs on property transactions but also many pitfalls. In weaving your way through the tax maze you will find property is touched by just about every tax - from the new Stamp Duty Land Tax to VAT. As a taster here are some areas to watch:-

### **Business Premises**

There are different tax consequences arising from buying the property in the company's name or in your own name (and then renting it back to your company). One of the key differences is the capital gains tax treatment where by buying it personally and getting the structure right you could end up with as little as 10% capital gains tax on disposal. If you get it wrong it can be expensive.

### **Investment Property**

Buying property to let is currently very popular and again there are tax considerations in deciding between residential and commercial lets. There may also be tax saving opportunities to be gained from the way in which you borrow any necessary funds. VAT is another important issue and the VAT rules on property can be complex. If you buy property to let a decision may need to be taken on whether to opt to tax - this decision cannot be made lightly as once made you are locked in for 20 years.

### **Your own house**

If you own more than one house and at some stage have lived in both, then there can be excellent opportunities for reducing your capital gains tax bill by maximising available main residence exemptions. Potential Inheritance Tax is another concern. There may not be too much you can do about this whilst still living in the house, but it is always worth looking at the options.

**Plan ahead and ask for advice before you carry out a property transaction - afterwards may be too late.**

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