



VAT is chargeable where taxable turnover is in excess of £83,000 in the previous 12 months or you expect this threshold will be exceeded within the next 30 days.

There are schemes which simplify VAT accounting. These include the cash accounting scheme, annual accounting scheme and the flat rate scheme.

Planning

- Would it be appropriate for you to use one of the special schemes?
- Are you claiming any VAT bad debt relief that you are entitled to?
- Are you accounting for VAT on the fuel used for private motoring using the appropriate scale charge?
- Make sure that you don't reclaim VAT on cars (unless you are a car dealer or taxi company, for example, or provide certain pool or leased cars for employees) or on entertaining UK customers.

Penalties

The penalty regime covers income tax, corporation tax, VAT and inheritance tax.

There are also penalties to cover the notification of starting a business and the filing of returns and accounts at Companies House.

Planning

Miss the first income tax return filing deadline and the next day you are liable for a £100 fine. Leave it for another 3 months and the penalty rises by £10 a day up to a maximum of £900.

After 6 months a further £300 or 5% of the tax due, whichever is the higher, is added. In some serious cases the penalty can be even higher than this.

HMRC charges late filing penalties for PAYE, VAT and corporation tax. Companies House penalty rates range from £150 for a private company filing the accounts not more than 1 month late, up to £7,500 for a public company filing accounts more than 6 months late.

Ensure that you know all of your filing and payment requirements and due dates.



Talk to us about tax planning in more detail.