



## E-Update: February 2010

This month Robert Bradley takes a look at paying your tax bill, The VAT Flat Rate Scheme and business gifts.

### Paying your tax bill

Mr Darling recently highlighted the statistics on how many individuals and businesses have been given help with spreading their tax payments under the Business Payment Support Service (BPSS) It seems from the chancellor's speech that the scheme is now set to continue or the foreseeable future.

The BPSS is open to all taxpayers, including limited companies, so if you need time to pay your tax bill contact the BPSS on 0845 302 1435.

### The VAT Flat Rate Scheme

Businesses which operate under the normal VAT rules have known for over a year that the standard rate would revert to 17.5% on January 1 2010 but the taxman has kept those who use the Flat Rate Scheme (FRS) waiting in suspense for the rate of VAT they would use from January 1. The rates are now available [here](#). Depending on what category you fall in it may still be beneficial to opt to be taxed under the Flat Rate Scheme so it's always worth comparing the amount payable under the Flat Rate Scheme with the amount you currently pay, especially if you are a consultant providing your services through a VAT registered business.

### Businesses gifts

To get tax relief and reclaim VAT on the cost of a business gift, it has to cost £50 or less, carry "conspicuous advertising", and not be food, drink, or tobacco. That's true for income and Corporation Tax. The VAT rules are different in so far as there are no restrictions on business gifts for VAT purposes. You are allowed to reclaim all the VAT you paid on the cost of these just as you would for any other purchase, regardless of the type of gift.

The only catch is that if the cost of the gift is above £50 (excluding VAT) you must pay output VAT as if you had sold it for the same amount you bought it for. The output VAT has to be included on the return form covering the date on which you gave it away. If you prefer HMRC will, by concession, allow you to simply not reclaim the VAT you paid on the purchase.

Please contact me on 01299 879140 should you require detailed help with any of the above.

**Robert Bradley**

---

Bradley & Associates is the trading name of Robert J Bradley Limited. Registered in England and Wales Company No. 04387789, Registered Office: Office 5, 16 New Street, Stourport-on-Severn, Worcestershire DY13 8UW. Visit us on the web at [www.bradleyandassociates.co.uk](http://www.bradleyandassociates.co.uk). No responsibility can be accepted for any action undertaken or refrained from as a consequence of using this material.