Tax Newsletter

TAX CHARGE ON TAKING A LOAN FROM A CLOSE COMPANY – MORE BAD NEWS TO COME?

As I have mentioned in previous editions of the Tax E-News, there has been a tightening of the rules regarding the receipt of a loan from a close company. The company can be taxed 25% on the amount of a loan drawn by a shareholder which is still outstanding more than 9 months after the end of the company's accounting period.

We now find that they are looking at a possible increase in the tax charge, from 25% to perhaps 40%. A completely different approach suggests a reduction in the tax charge to 5%, but with no tax refund when the loan is repaid. All of these changes mean it will be important to keep all directors' loan accounts up to date in terms of identifying money in and money out, and the sources of the latter.

YET MORE HMRC TASKFORCES LAUNCHED

HMRC have announced 4 new taskforces that will investigate tax evasion in specific commercial and geographical sectors. The taskforces bring together various compliance and enforcement teams for what they term "intensive bursts of targeted activity".

The new taskforces will investigate the following:

- Construction industry in London (expecting to raise £3 million)
- Security guards, bouncers and their employers in London and the South East (expecting to raise £10 million, with fraudulent VAT repayment claims identified as an increased risk in this sector)
- Second-hand motor traders in the Midlands (expecting to raise £3 million)
- Hidden wealth / "means" issues in the Midlands (also expecting to raise £3 million from comparing lifestyles to known assets)

As always, if you know anyone involved in the above sectors who are having tax concerns, please ask them to contact us for help.