



Budget News - FCFM part 1 - 22nd April 2009

The main points of interest for businesses are as follows.

Taxes, returns and payroll

The following is a summary of Budget changes that relate to individual and business taxes. You can find detailed information on these developments on the HM Revenue & Customs (HMRC) website - Opens in a new window.

There will be a temporary increase in the main rate of first-year capital allowances from 20 per cent to 40 per cent for expenditure over and above the annual investment allowance on plant and machinery. This measure will apply for one year from 1 April 2009 (corporation tax) and 6 April 2009 (income tax).

HMRC's Business Payment Support Service, which helps businesses spread their tax payments over a more convenient timeframe, will be expanded. Businesses expecting to make losses in accounting period or tax year 2009-10 will be allowed to offset these losses against corporation and income tax bills due on profits from the previous period or year. This means that businesses may be able to reduce their upcoming tax payments.

The three line account limit is being increased from the current amount of £30,000 for trading or self-employment income and £15,000 for property income to permanently align it with the VAT registration threshold to £68,000 from the tax year 2009-10. As a result, smaller businesses may be able to restrict the information they provide in their tax return to just their turnover, total allowable business expenses, and net profit or loss, rather than having to provide a detailed breakdown of their expenses.

From 1 May 2009, the VAT registration and de-registration thresholds will increase to £68,000 and £66,000 respectively.

The ability of businesses to carry trading losses back against profits of earlier years to get a tax refund will be extended by a year:

- for companies, to cover accounting periods ending between 24 November 2008 and 23 November 2010
- for unincorporated businesses, to include both the 2008-09 and 2009-10 tax years