

# Hornbeam Highlights #65



by Phil Needham

Winter 2014

## We are seeing a flood of small changes to squeeze more tax out of us

### Landlords

*have been particularly hard hit by these stealth taxes.....*

The reduction of Private Residence Relief (PPR) on property sales was reviewed in [Hornbeam Highlight 63](#) along with the changes which prevent landlords obtaining tax relief for supplying or replacing furnishings and kitchen appliances.

We have now become aware of a drive by HMRC to charge Class 2 National Insurance on rental incomes. The rules only require someone to be "gainfully employed" for Class 2 National Insurance to be chargeable. HMRC send out a questionnaire aimed at finding out if you are "gainfully employed". Ironically, in the lead case Rashid 2002, HMRC succeeded in persuading the special commissioners that even though Mr Rashid spent considerable time maintaining several properties, he was NOT gainfully employed. Mr Rashid had wanted to build up rights to state benefits.

*Please contact us if you receive such a letter*

### Another HMRC error

HMRC have sent out chasing letters to everyone earning over £50,000 who received Child Benefit and has not repaid it without checking whether the benefit was repaid by the other partner in the household.

*Please contact us if you receive such a letter*

### Offshore Workers and Contractors Mortgages made easy

I had an interesting conversation with a mortgage agent today who specialises in Contractors and Offshore Worker.



He tells me that they are very good at getting the banks to look at the contract income in the company and not at the probably rather lower figure for salary and dividends.

*If anyone fits the bill and needs help, please do not hesitate to contact us for details.*

### Creditsafe - Is your company's credit rating affected?

*If your business obtains credit from suppliers you should continue to read!*

It has been brought to our attention by several companies that Creditsafe have changed their algorithms and therefore their results. Suppliers who use their service may be refusing credit to you as your rating has hit the floor.

There are limited things you can actually do to address this. However, our suggestions include:

1. *Ask the supplier to obtain an Experian report* (their system has not changed). It may be in your interest to burden the comparatively small cost of the report if the supplier will accept this.
2. Try to address the simple things which Creditsafe deemed a risk. *Phone them up and ask which items have adversely affected your rating.*
3. This is most definitely the last resort, but showing them a latest set of your accounts to prove things are not all doom and gloom, may persuade suppliers.

### Tax Returns 2014

If you have put off gathering documentation for your 2014 tax return remember 31 January is not far away. If you are in need of assistance call. If you are not sure if you are required to complete a return call and we will advise you – do not assume HMRC will tell you.

Hornbeam Accountancy Services Limited Bidwell Road Rackheath Industrial Estate Norwich NR13 6PT

Whether you are a client or not, if we can provide further help or advice concerning any of the matters covered here, please do not hesitate to telephone us on (01603) 720424 or email [info@hornbeam-accountancy.co.uk](mailto:info@hornbeam-accountancy.co.uk)

*Disclaimer Most of the information contained in this Hornbeam Highlights is of necessity greatly oversimplified. We are trying to bring to your attention tax planning and business management opportunities. However, you should not take action based upon this leaflet without obtaining specific professional advice.*