

OCTOBER 2008 - ENEWS

In this month's enews we report on some forthcoming changes to the intestacy rules.

We also include our usual round up of news. Please browse through this month's articles using the links below and contact us if any issues or questions arise.

- **Intestacy rules**
- **Bank of England reduces bank rate by 0.5%**
- **Shopping on the Internet**
- **'Paper' tax return deadline 31 October**
- **Changes to rights during maternity leave**
- **Gift Aid form amended**
- **Entrepreneurs' relief**

Intestacy rules

The Ministry of Justice has announced an increase in the amount of the statutory legacy on intestacy. The statutory legacy is the amount which an individual is entitled to receive from the estate of their husband, wife or civil partner where the individual has not made a Will.

From 1 February 2009 the statutory legacy will increase to:

- £250,000 (from £125,000) where there is a surviving spouse or civil partner and children
- £450,000 (from £200,000) where there is a surviving spouse or civil partner and parents or siblings, but no children.

The statutory limits only apply in certain circumstances.

The statutory limits were last increased in 1993 and the government has acted because of concerns that the current levels are too low.

It should be noted that civil partnerships are same sex marriages and not couples just cohabiting, for which there are no statutory legacies.

Please do get in touch if you have any queries on inheritance tax or the intestacy rules or if you think your Will needs reviewing.

Internet links: [press release](#) [Directgov website](#)

Bank of England reduces bank rate by 0.5%

The Bank of England reduced the bank rate by 0.5% to 4.5% with effect from 8 October 2008.

John Cridland, CBI Deputy Director-General, said:

“This was an essential and timely rate cut which the CBI had called for to help restore business and consumer confidence.

We have now seen major steps by both the Government and the Bank of England to support the economy and the financial system. These will be welcomed by business, and will help the economy at a critical time.

We also applaud the coordinated interest rate cuts by key central banks, which will benefit the global economy and stabilise financial markets.”

Please do contact us if you have concerns.

Internet links: [Bank of England news release](#) [CBI news release](#)

Shopping on the Internet

HMRC have updated their guidance on buying goods on the internet explaining when duty and / or VAT will need to be paid.

The guidance has been updated in recognition that we are becoming increasingly global shoppers and may therefore benefit from some straightforward guidance.

The information includes warnings that although you may think that a website is quoting the full price for goods you may also have to pay Customs duty, Excise duty and / or import VAT.

An extract of the guidance confirms:

“If you buy goods online from within the European Union (EU)

You will not be charged Customs duty or import VAT.

Alcohol and tobacco products from within the EU cannot be sent to the UK unless arrangements have been made to pay UK excise duty in advance.

The 27 EU countries are the UK, France, Belgium, Luxembourg, The Netherlands, Germany, Italy, The Irish Republic, Denmark, Greece, Portugal, Spain, Sweden, Finland, Austria, Malta, Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia, Cyprus, Bulgaria and Romania.

If you buy goods online from a country outside the European Union, for instance the USA, Canada, China, Australia

You will be charged:

- Customs duty if the amount of duty is €10 (£7*) or over
- Import VAT if the value of the goods is €22 (£18*) and over
- Excise duty for some goods like alcohol and tobacco.”

* The sterling value shown will be subject to an annual review, and may be adjusted, as a result of the Euro exchange rate announced in the European Commission Official Journal on the first working day in October to take effect from 1 January 2009.

For more information visit the links below.

Internet links: [HMRC guidance](#) [Frequently Asked Questions](#)

‘Paper’ tax return deadline 31 October

HMRC are reminding taxpayers who wish to complete paper self assessment tax returns that the new 31 October 2008 deadline is here. They are advising that ‘tax doesn’t have to be taxing’ with an advertising campaign fronted by well known newsreader Moira Stewart.

Previously, both paper and online self assessment tax returns had to be filed by 31 January following the end of the tax year. The 31 January 2009 deadline remains for online submission of 2007/08 self assessment tax returns.

If you have any queries regarding your personal tax affairs please do get in touch.

Internet link: [Business Link advice](#)

Changes to rights during maternity leave

Following changes made to the Sex Discrimination Act and to the Maternity and Parental Leave Regulations, the law on contractual terms of employment during Additional Maternity Leave (AML) changed in respect of women whose babies were due on or after 5 October 2008. The date the baby is due, as shown on the MATB1 certificate (provided by the midwife or doctor at around 20 weeks into the pregnancy) is the relevant date and not the date the baby is actually born.

The main effect of the change is that broadly all non-pay contractual terms and conditions of employment to which a woman is entitled during Ordinary Maternity Leave (being the first 26 weeks leave) continue throughout her AML, including accrual of contractual annual leave. These rights could also include such things as the use of a company car or availability of private medical cover.

These rights and entitlements will therefore now apply to the full 52 weeks maternity leave entitlement as opposed to the first 26 weeks as previously.

Internet links: [HMRC guidance](#) [Government Equalities Office](#)

Gift Aid form amended

HMRC have updated their model Gift Aid declaration form for charities and community amateur sports clubs to reflect the reduction in the basic rate of tax from 22% to 20% from the beginning of this tax year.

Any charity organisers who have not already updated their own Gift Aid form may wish to download the updated form.

Internet link: [Charity forms](#)

Entrepreneurs' relief

The system of capital gains tax (CGT) for individuals and trustees changed radically from 6 April 2008. The changes included the abolition of taper relief and indexation allowance and the introduction of a single rate of CGT of 18%.

In response to pressure from the business community the Chancellor introduced a new 'Entrepreneurs' Relief' which has the effect that the first £1m of gains qualifying for relief will be charged at an effective rate of 10%.

Gains in excess of £1m will be charged at 18%. An individual will be able to make more than one claim for relief, up to a lifetime total of £1m of gains.

The new relief is broadly based on the system which applied before taper relief, Retirement Relief, which some of you may remember. The rules for Retirement Relief required you to have been in business for a number of years but the new rules are designed to be simpler:

- there is no minimum age limit, and
- relief is generally available where the relevant conditions are met for a period of one year.

The relief will apply to gains arising on:

- the disposal of the whole, or part, of a trading business that is carried on by the individual, either alone or in partnership,
- a subsequent disposal of assets in use in the business at the time of the cessation of the business; and
- the disposal of shares in a trading company, or holding company of a trading group, provided that the individual owns broadly a 5% shareholding and has been an officer or employee of the company.

In addition, certain disposals by trustees may qualify, as well as disposals which are associated with other disposals.

HMRC have amended their internal guidance to give further clarification of exactly when the relief will be due.

Please do get in touch if you would like any clarification of the rules and how they will apply in your circumstances.

Internet link: [Updated HMRC guidance](#)