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MONEY BOX LIVE

Presenter: VINCENT DUGGLEBY

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DUGGLEBY: A new programme slot for Money Box Live and a New Year full of financial uncertainty. But some things don't change, including the deadline for completing your self-assessment tax return and paying the bill in just over three weeks time. So in the next half hour, expert advice will be on offer; in particular, for those running small businesses who may be having difficulty finding the money. In his autumn statement, the Chancellor recognised the problem, hence the Business Support Service through which the Revenue will discuss options for delaying payment with interest but without penalties. And there's also the extension of loss relief from 1 to 3 years to consider. As an individual taxpayer, you may be concerned you're paying tax on income you won't actually receive because of falling interest rates and dividend cuts. What scope is there for reducing so-called payments on account? Tax is also an important consideration in redundancy. If you've lost your job, how do you get a tax refund bearing in mind that your coding notice assumes you'll be working throughout the year? Hopefully we can also find time for some tax planning advice on other matters such as capital gains, which was cut to 18% in the spring budget, without allowances for inflation or tapering relief. With sharp falls in property values and shares, what about the rules for establishing capital losses? 03700 100 44 is the number to call. And with me in the studio to answer your questions: Anita Monteith, Technical Director of the Tax Faculty at the Institute of Chartered Accountants for England and Wales; Chas Roy-Chowdhury, Head of Taxation at the Association of Chartered Accountants; and Mike Warburton, a partner with Grant Thornton. Kicking off with Bernice in Maidstone.

BERNICE: Hello there.

DUGGLEBY: Hello.

BERNICE: Yes, I run a small business and over the last year my income dropped by over £10,000. As a consequence of that - you know I normally put money away for my tax for this year. Can't do that. Struggled to pay the tax last year and not quite sure where to go from here really.

DUGGLEBY: So you've sent your return in, have you?

BERNICE: Yes.

DUGGLEBY: Okay. So you've got to pay?

BERNICE: Yes.

DUGGLEBY: That's where you stand at the moment.

BERNICE: Yes, got to pay.

DUGGLEBY: Right. Solutions, Mike?

WARBURTON: Well this is one of those cases where the Chancellor has said in his pre-Budget Report that he understands the difficulty that businesses have. And it's a business you're talking about, is it, Bernice?

BERNICE: It is, yes.

WARBURTON: So what he said is he understands that people will have difficulties in the current position with businesses. If you are having difficulty - you know you've got to pay the tax, you know it's the right tax but you find difficulty in paying - under

the special arrangements, known as the Business Payment Support Service, if you contact your tax office, they have the power to make an agreement with you that you should actually defer payment of some or all of the tax. The interest will continue to run, but they won't then chase you for the money and they won't apply penalties and surcharges on you. This is something the Chancellor wants to do to help businesses. And there's no set deadline on this. He's basically said it will be there for as long as necessary.

DUGGLEBY: How much did you say you owe, Bernice?

BERNICE: £4,000 is due in January.

DUGGLEBY: Okay. So Chas, what do you think the Revenue might come up with - accept say, I don't know, payment over a year maybe, something like that?

ROY-CHOWDHURY: Yes, I think that's right. I think Mike has set out the outlying scheme. There's actually a central number, which you might want to get down, which is 0845 3021435.

DUGGLEBY: That's on our website as well.

ROY-CHOWDHURY: And what the situation is, they'll reschedule your payments as long as they feel you're able to pay the tax ultimately, and it could be across 12 months, it could be longer. And the good news is that their interest rates for income tax, for example, came down yesterday to 4.5%, 3.5% for corporation tax, so it's probably a lot better than trying to borrow from a bank. But go there before 31st January deadline because you must go before the payment deadline to get this rescheduled.

DUGGLEBY: Yes. And the point is that this merely stops the clock on tax due for the past year. Of course we might easily have the same problem - I mean problems tend to compound themselves, Anita. They don't go away necessarily. I mean

business isn't suddenly going to recover. Are we not just storing up trouble for the future?

MONTEITH: Well I think that's where you've got to be really accurate with your predictions for the income and expenses you're going to have, Bernice. When you ring up the helpline, make sure you've got all the figures at your fingertips.

DUGGLEBY: Don't promise things you can't pay. I mean don't say it'll all come right in May or June if you really don't think it will.

MONTEITH: No. And what you'll probably find is that they'll ask you to set up a direct debit. That's the usual way of approaching these things. And of course the problem there is the money will just come whizzing out of your bank account, and you want to keep a very close eye on it and go back to them again if you think you've still got problems.

BERNICE: Fine.

DUGGLEBY: Okay, well let's bring in Roger from Lymington. Roger, I think you've got the idea you're not going to use a direct debit, I don't think, on your account, are you?

ROGER: No, I don't like using direct debits on anything actually unless it's something like electricity and gas, which I don't want to be switched off.

DUGGLEBY: Right.

ROGER: As a person who's concerned about the low interest on savings, I'm trying to ensure that I don't take money out of my account before I need to. So my question is in two parts: can I send a post-dated cheque dated 31st January in the post say today or tomorrow? And, secondly, although it's quite clear that 31st January is the date, is that the date that my cheque has to be received by them or is it the date that cleared

funds have to be transferred from my account into their account?

DUGGLEBY: Okay, well let's just start with the second question, which is the exact date of receipt. I imagine, Anita, that if it arrives on 31st, is that okay?

MONTEITH: Yes. The Revenue have detailed guidance on their website for what counts as received. My suggestion was actually going to be for this one that if you want to make sure that the funds are in on the last possible date, you know squeal in under the wire, that you actually do an electronic payment. So ask your bank. You know rather like if you were paying your credit card and it needs to arrive at a particular date.

DUGGLEBY: It might cost you 15 quid to do it though.

MONTEITH: No, no, no. Just ring them up.

DUGGLEBY: Oh I see, okay.

MONTEITH: If you've registered for online banking or telephone banking ...

DUGGLEBY: Oh yes, just do that.

BERNICE: ... or if you do it the other way and go into the bank.

DUGGLEBY: I suspect, Roger, you're not an online banker.

ROGER: I don't do online banking ...

DUGGLEBY: No, I didn't think you did.

ROGER: ... but I do telephone banking and ...

DUGGLEBY: (*over*) Well telephone banking might work.

MONTEITH: Telephone is fine.

ROGER: ... I think they charge £25.

DUGGLEBY: Up to the wire, Mike. What are you going to do?

WARBURTON: Well actually, first of all, Roger, I'm entirely with you on this. I hate direct debits. I'd much rather know and be in control of the money. The alternative really is that you write out your cheque and you actually take it in by hand. And you can take it to any of the tax offices and you can pass your cheque in, and I would actually hand deliver it. That's probably one way of making sure.

DUGGLEBY: Okay, Chas, you've got your shout.

ROY-CHOWDHURY: Well, I think everything's been covered. I think the main thing - Anita's point is valid - if you do consider online banking, it's very easy, it's free and you have control of the money going out of your account. It's not like a direct debit. So I think you ought to think about that. You've got time to set one up.

DUGGLEBY: But otherwise telephone banking is okay. The Revenue basically want to know that the money is in their hands even if it physically hasn't cleared through your account. That's all they need to know.

ROY-CHOWDHURY: Yes.

DUGGLEBY: But if you get it one day late, then, bang, there's the penalty in there. Very quick one, Anita.

MONTEITH: Just one last point. I wouldn't recommend sending a post-dated cheque today or tomorrow because I think it'll get lost.

DUGGLEBY: Yeah. Okay. Now then, Peter in Cardiff. Hello Peter, your call.

PETER: Yes, good afternoon.

DUGGLEBY: Good afternoon.

PETER: Good afternoon. Well I'm of pension-able age, but I'm still working. My tax office have failed to tax me in my Pay As You Earn on my state pension.

Consequently, I owe them the tax content for that pension for 07 and 08. I'm prepared to pay that, but now what they are saying to me - because I have run £500 into arrears - I now have to pay next year, the £500 ... sorry, I beg your pardon, £1100 in January ...

DUGGLEBY: That's right - it's last year's backlog plus this year's anticipated.

PETER: Yeah.

DUGGLEBY: Yeah.

PETER: But how will it be an anticipated figure when my pension is now included in my tax coding?

DUGGLEBY: Yeah, I think the anticipation is the Revenue look back at the previous year and see what you've earned and they calculate your tax on that basis for the payment on account because that's what it is.

WARBURTON: Peter, could I just ask you. You're obviously entitled to a personal allowance. Were you allocated a personal allowance against your earnings at the moment?

PETER: Yes, yes.

WARBURTON: So you've been given your personal allowance.

PETER: Yes.

WARBURTON: I understand what's happened because normally that would be given against your pension. But you're doing what the Government wants to do, which is carry on working - so congratulations for that, that's great.

PETER: Thank you.

WARBURTON: And you've got your allowance. So it looks to me as though this is tax which will be due. It's simply that they've given you the allowance against your PAYE? rather than the pension. But ...

PETER: Well I ... sorry. I don't know whether I'm making myself clear here, but what I owe I'm prepared to pay. But what they are saying now is that I'm going to owe them money for next year. Why will I owe them money because my pension will now be taxed in future?

DUGGLEBY: Yeah, the point is what you have to understand is you've got two parts to this question. You've got the tax you didn't pay because they either didn't know about it or they didn't get it right or they made a mistake or something went wrong. And then, secondly, you've got to get the extra tax which you should have paid last year, which is going to be due for this year. And these two things added together, I think, is what is causing the pressure, Chas.

ROY-CHOWDHURY: Yes, that's right. So you've got 2 years which you're having to pay out of your current notice of coding, so that's why your tax amount is going up.

DUGGLEBY: So, in other words, you've got to make up for lost ground. The question I suppose is could you go to the Revenue and say look, can I pay this off in more easy instalments, Anita?

MONTEITH: Yes, definitely. I think, Peter, you should contact the Revenue and say not only please could somebody check your tax code, because I'm not totally convinced it'll be right even now, but also could you please spread payment of last year's tax.

DUGGLEBY: Yes, so you don't take it all now. Can they spread it over say 2 years rather than one? Are they permitted to do that?

MONTEITH: They can do whatever they deem reasonable.

DUGGLEBY: Well that would be a little bit more reasonable, wouldn't it? Otherwise I can see that Peter's problem is that he's going to find that you know a great chunk of his income is going and that messes his budgeting up. And this does happen, Chas.

ROY-CHOWDHURY: Well, that's right. I think what Peter needs to do - and I think I say this more generally - the Business Payment Support Service is not purely for businesses. It's for individuals. They are there on that hotline that we mentioned and I think where you have tax credit overpayments you need to pay back, where you've got income tax overpayments like situations like this, just contact them. They've got authority to reschedule tax payments up to £100,000 on that centralised number. So please take advantage in the current climate, whether you're a business or an individual, of this opportunity.

DUGGLEBY: I think it might be fair to say never will you find the Inland Revenue more sweet and reasonable. *(laughter)* In the 20 or so years we've been doing this programme, Mike, we've never known the Revenue to say come to us, come to us ...

WARBURTON: Can I just say? Peter, I think you've highlighted a very important issue, which is that people who get to pension age and start receiving a state pension and maybe an occupational pension and also work, you've probably got more complex tax affairs now than you ever had when you weren't a pensioner, and this unfortunately is exposing the PAYE system's failure to be able to cope with people with multiple sources and your example here is a good one for that.

DUGGLEBY: Okay. Well let's take a couple of emails now. This one's from Rick and it concerns the PAYE system. And he says that the PAYE coding was wrong, he paid too little tax. It was the Inland Revenue's mistake that they left this shortfall and you know does he have any redress?

WARBURTON: Well, the question I suppose is how long has it been? First of all, did he know that there was a problem? If you don't know that there's a problem and you have reasonable grounds for assuming that everything is right and everything's been given to the Inland Revenue and they've made a mistake, then you can claim sometimes under an extra statutory concession, A19, to have some or all of the tax set aside, and I've succeeded in this quite recently. So it's one of those areas where it all depends on how the problem's arisen. But if you know you've got the tax to pay, I mean you can't get concessionary treatment if you know that you've got to pay the tax. Your obligation is to explain to HMRC, to get it put straight.

DUGGLEBY: Okay, now Paul in Bishop Stortford wants to know about getting a tax refund. Now he's been made redundant, so he's got his P11D supposedly coming through, but he hasn't been able to get hold of it and the Inland Revenue won't offer any tax refunds until they've seen the P11D to see what actually they presumably owe him. And he's saying well you know we seem to have reached a deadlock here. Shouldn't the company that is you know put into receivership ... if the company's in receivership, shouldn't the people who are administering the company get on with it, Chas?

ROY-CHOWDHURY: Yes they should and I think the main problem is that there are so many receiverships going on at the moment that tax records, especially for small companies, are probably the last thing to be dealt with. So the Revenue must have records. He must have a pay slip, he must know what the benefits were that are on the P11D. So get onto the Revenue. It's not insurmountable and I think at the moment the Government is very encouraging of the Revenue to actually sort tax matters out in a sympathetic manner. So I think if he can't get anything out of the receivers or administrators of the business, he needs to go onto the Revenue and sort out exactly what benefits he had, the amount he earned, and get his tax affairs sorted

out.

DUGGLEBY: There seems to be evidence again, from some of the emails we've been getting in. I don't know whether the Inland Revenue realise how many people they're going to get. They're going to get literally you know thousands and thousands of people coming in with redundancies. I mean here's one, for example, which has come in from David in Exeter and he says you know, 'I'm going to be made redundant as of the end of this tax year, 31st March', and he says, 'It's going to make a difference to me as to whether I get my lump sum redundancy before the end of the tax year or after.' He wants really to know what pressure he can put on the employers, whether he can sort of do a deal with the Revenue because it's going to make a difference of between 20% and 40%. I mean these are the things that people are going to be asking. You know redundancy's inevitable. What's the answer? Anita, you start. Can he do a deal?

MONTEITH: Well he can't do a deal because what he mustn't do is put in place any sort of guarantee to that money. If he does, then he could jeopardise his £30,000 ...

DUGGLEBY: Which is tax free.

MONTEITH: ...exemption. That's right.

DUGGLEBY: Because it would be a contractual obligation.

MONTEITH: Of course, yes. However, you know the conversation that he might have could be rather different. It could be a very casual conversation. I'm sure they would understand exactly what he was talking about.

DUGGLEBY: I mean you know not wanting to be facetious, but could he sort of say the cheque's in the post but it hasn't arrived yet?

WARBURTON: No, I don't think he could do that. (*laughter*) What he can do - I

agree with Anita - what you can do is ... this is happening all the time. Conversations are being had building up to the end of the tax year. If you receive your redundancy payment in the current tax year, it will be taxed under PAYE, subject to a £30,000 exemption which normally applies.

DUGGLEBY: Which in many cases pushes people into 40%, you see.

WARBURTON: Yes. But the £30,000 exemption covers most cases actually, Vincent.

DUGGLEBY: Right.

WARBURTON: It's if you've got over and above £30,000 that the question arises. And if you can get the payment falling into the next tax year, then I agree the tax would be less, but the complication is you've probably got the right to receive it beforehand and the idea that you can say to your employer, "Well I want to make sure I'm going to get the money, but I don't want to have it taxed now", that doesn't work. You've really got to either say, "I'm going to have it now and taxed now" or you're basically taking a chance on the good will of your employer to make an ex-gratia payment some time in the next tax year.

DUGGLEBY: I did come across a case where holiday entitlement was brought into the equation, which got it across the thing, and I think that worked but I'm not quite sure why.

WARBURTON: Yes.

DUGGLEBY: They technically left and then they got the holiday tacked onto it and it worked okay.

ROY-CHOWDHURY: It seems that the questioner here is actually saying that he considers his full amount of termination payments as actually taxable, so in that case

he can have the conversation with the employer to see if the payment can go across into the next tax year. Clearly there may be anti-avoidance measures which could apply, but I think if he is saying that it's all taxable then why not have the conversation and try and go for payment in the next tax year.

WARBURTON: *(over)* Worth a try.

DUGGLEBY: Okay. Vicky, we've kept you waiting, but you're on air now.

VICKY: Hello. I am a musician and I do some teaching for a music service and it used to be self-employed. And then they changed it, so now I pay national insurance but not tax. So I have to declare my income on my tax return and my question is I'm not sure how I go about avoiding paying national insurance twice on this sum of money.

DUGGLEBY: Mike?

WARBURTON: Could I just check, Vicky, are you treated as self-employed or is some of your work treated as PAYE?

VICKY: Sorry, I've got a few different employers, so I'm PAYE with the school.

WARBURTON: Right.

VICKY: But with this place, I don't know what my status is.

WARBURTON: Well I suspect what you've got is ... yes, you're one of these people - and a lot of people are in this position at the moment - where you've got some income which is PAYE because you're treated as an employee, and some of your income you're getting is self-employed because no PAYE or national insurance applies; you just receive the money for the work you've done. So you've got both. And the answer is you can finish up paying ... well actually you can finish up paying

three lots of national insurance because you can pay national insurance under the PAYE system - that's called class 1; you can finish up paying class 2, which is the old stamp that you pay for your self-employment; and class 4 national insurance for your self-employment. And you'll be pleased to know, I hope, that there is an overall limit on this. The maximum that you're required to pay is the maximum class 1 national insurance for 53 weeks - don't ask me why it's 53 rather than 52; it just is - and that's the overall maximum. But it's difficult in the meantime because I appreciate you've got different sources to cope with.

VICKY: So what I can't understand is how to make it add up because say I earned £10,000 or - ... well I didn't earn that - but I would pay 8% national insurance with these people. And then when I declare it on my tax return, how do I not pay that 8% again?

DUGGLEBY: Chas?

ROY-CHOWDHURY: Well because you'll have already paid national insurance and that'll be taken account of in the records that the HMRC office will have. The only thing that is capped is there's 1%, so you'll have to carry on paying that all the way through your income, unfortunately. But otherwise, as Mike says, there's a limit; and once you hit that limit, there isn't any more national insurance to pay.

DUGGLEBY: Okay. An e-mail somewhat on similar lines. This is an airline pilot who's lost his job and he's now looking around for work and he's being offered contracts. And he's a bit worried about this because he says, 'Well what is going to be my employment status? It looks as though I'm going to have quite long contracts and, as far as I can see, I don't know whether I'm going to be self-employed or even whether the Revenue would accept me as self-employed.' Can you help, Anita?

MONTEITH: Well it sounds to me like he is actually going to be an employee. It is possible to have serial employments ...

DUGGLEBY: Through contracts?

MONTEITH: ... through contracts just for short periods. But I'm not surprised. I have heard many cases where companies are trying to make people responsible for paying their own tax.

DUGGLEBY: Well this is what is implied here, you see. I think it's probably a pretty cut-throat business, this pilot business.

MONTEITH: Yes, I'm sure. But I think he can be a bit reassured because if the employer or the engager of the worker gets the status wrong, then it's the employer's responsibility.

DUGGLEBY: I think he's also worried about you know the expenses. I mean I think he's perfectly prepared to be self-employed, but I imagine being a pilot you might have to pay quite a lot of money out for I imagine training courses, all sorts of things, so it's quite a critical issue this.

WARBURTON: It is critical. And then if you find yourself in a position where the employer is attacked by HMRC and they say it's an employment - although the PAYE obligation initially falls on the airline company because they've got the PAYE obligation, suddenly the income that you've got probably doesn't support the expenses that you want to claim because the rules are different for self-employment. And I had that conversation only yesterday with someone in exactly that position and it is very, very difficult because you can suddenly be unsure about what expenses you're going to have.

DUGGLEBY: Can you get the Inland Revenue to give you an undertaking that you are or are not self-employed for a given contract or something? Is that possible?

WARBURTON: You can certainly go to the Revenue and explain the status. But I suspect that the customer or the employer, as the case may be, might not want you to do that because they're probably trying to keep you as self-employed. They're not going to thank you for doing it.

DUGGLEBY: Okay, we've got Brian now. Sorry to keep you waiting, Brian.

BRIAN: Hello.

DUGGLEBY: Your call now.

BRIAN: Yes, I was a director and shareholder of a business that sadly had to go through administration last year. I was able to recover my loss on the investment through tax and I thought that was very good that I was able to do so. But I also, along with two other directors, gave a personal guarantee to our bank and that was called mid-year last year and paid, but I'm told that that payment is not recoverable against tax, although it was paid obviously out of taxed income.

DUGGLEBY: And indeed a very important point, this, because you won't be the only one here.

BRIAN: I think it's a very topical question.

DUGGLEBY: Indeed, it is a topical question. Mike?

WARBURTON: Yes, the position you're in, Brian, is that you've given a personal guarantee. You've had to pay out on that personal guarantee, so you've had a cost. But the Revenue won't accept that as being an income tax loss; they accept it as a capital loss. And of course in situations like this, I don't suppose you've got any capital gains to set it against?

BRIAN: No and I'm unlikely to make an actual capital gain in the future.

WARBURTON: *(over)* Absolutely. So you know you get a capital loss and you can carry it forward indefinitely. It'll probably do you no good at all. What you've done with your investment was presumably an investment in shares ...

BRIAN: Exactly.

WARBURTON: ...and if it's an investment in shares, then, as you've done, you can claim that against income tax. And that is one of the reasons why it's an advantage to make an investment in shares. So I'm glad you got that bit; but, sadly, I can't do anything for you on the capital loss you made on the guarantee.

BRIAN: Okay.

DUGGLEBY: But well aired, Brian. I'm glad to pass that onto other listeners who may find themselves again equally disadvantaged. On the subject of capital gains, capital losses, we've got an email from Kenneth in Liverpool. He made a profit this year of £11,000 - good man, there - but he actually carried forward a loss of £6,000, and he wants to know the sort of mechanics of this, which comes first, because he knows he's got a tax free allowance. Chas, does that go off against the gain for this year, or how does it work?

ROY-CHOWDHURY: Well the way it works is that for capital gains, capital losses, you need to actually set off the gains and losses first before taking the annual exemption, which in the current year is £9,200. And so while there are a lot of complexities called 'taper relief' in the previous system, 'indexation' before that, but broadly speaking that's how it works.

DUGGLEBY: So you get the £11,000 as it were offset against your tax free allowance, which gives you a gain, a taxable gain; but you've got a loss to carry forward, so essentially you just carry that loss forward, wipe out a bit of the gain and carry that loss forward again?

ROY-CHOWDHURY: That's right.

DUGGLEBY: And does that apply, for example Mike, if you made a gain this year and a loss at the same time? Do you actually just again get the tax free gain but carry

the whole of the loss forward?

WARBURTON: Well what you have to do is for the year itself, you have to set the gains and losses off against each other. And if you've got brought forward losses, the good news is you don't have to claim all your brought forward losses. You can disclaim if you like the offset of your brought forward losses to use up your annual capital gains exemption. So it's not as bad as it could be.

DUGGLEBY: Right. So just to get it absolutely clear - gains, say £9,000, which would normally be tax free, but unfortunately loss on other shares of £6,000, well bad luck because actually that's not the way it works; you can't carry the loss of £6,000 forward at all.

WARBURTON: Sadly not.

DUGGLEBY: All that you've done is made a gain of £3,000, so you've lost the loss.

WARBURTON: Yes, but you're not going to pay tax on it because it's within your annual exemption.

DUGGLEBY: But that's the way the sums work?

WARBURTON: Yes.

DUGGLEBY: You don't sort of get your tax free gain regardless and then carry the losses ...

WARBURTON: No, you can't separate. You've got to amalgamate them for the year.

DUGGLEBY: Right, okay. Now then, Roger in Brighton.

ROGER: Hello. In the summer of 2004, we bought a house on a buy-to-let basis for my daughter and some student friends. They finished there, this summer 2008, but we couldn't sell it for another 4 months, and at the end of that we sold it at a capital loss. So I'm wondering whether I can claim for the capital loss and also for the 4 months I was still paying out the mortgage, although I was receiving no rental income.

DUGGLEBY: Anita?

MONTEITH: Right, well there are a few things in there, Roger. First of all, for the capital loss that you've suffered. As for the loss we were talking about before, that one you can use against other gains in the same year or you can carry it forward. I know you said you were getting ...

ROGER: I can't set it against income for tax?

MONTEITH: No, I'm afraid not. No. The only time you could do that ... Sorry, not the capital losses. I was just thinking about who you would let it to.

DUGGLEBY: Furnished and holiday lettings you can do it with, but you can't do it with buy-to-let.

MONTEITH: Right. But there you're looking at income tax losses, not capital ones.

DUGGLEBY: Exactly - yes, yes.

MONTEITH: So that's the capital loss. The only thing you would need to be careful of is if you were letting to one of your relatives, which you said here it's your daughter and some of her friends, and you weren't doing it commercially. I suspect you probably were in this case doing it commercially, weren't you? So that the income tax loss you've suffered, you can set against other letting income from any other properties you may have.

WARBURTON: I think the point is that you said the house was empty before you could sell it and you've got some mortgage payments that you've made. Is that right, Roger? So the interest that you've paid on the mortgage, even though there was no letting income coming at that time, that still counts as an expense. The interest part of your mortgage, even if the house was empty, is still part of your expense because you'd have sold it if you could; it wasn't your fault you couldn't sell it. So that all becomes in your calculation of your profit for the tax year concerned, so you can still get the offset for the mortgage interest. But, I agree with Anita, you can't use the capital loss.

DUGGLEBY: Right, okay. On the subject of buy-to-let, Mike in London says that he has been making a loss for the last couple of years on this as a result of high interest rates and so on and so forth. He says, 'Do I need to fill in a tax return as I'm making a loss on this particular property?' Chas?

ROY-CHOWDHURY: Yes, very much so. I think it's a really bad mistake where I think people have been caught out in the past where they think they've been making a loss. You need to work it out because you're only entitled to deduction for the interest element, not the capital part of the loan you may have on the property, so you need to keep doing that. It isn't going to be something considered to be like hobby farming, so in the future you may be able to actually use any losses that you've incurred now.

DUGGLEBY: Okay, final call from you, Elizabeth in Hove. Please make it quick.

ELIZABETH: I submitted my tax return form by 31st October and I've not yet received notification of how much I need to pay, and I've had a note to say I've got to pay my tax by 31st January.

MONTEITH: Anita?

MONTEITH: I think you should contact the Revenue and find out what's happening there. It should have been processed. And in fact this is a really good opportunity, Elizabeth, to plug e-filing. Please, people who haven't filed their tax returns yet,

you're going to have to do it electronically on the Revenue's website, and if you haven't registered yet you need to get on and do that so you can get your PIN code through, which may take five working days.

DUGGLEBY: But if you haven't got a computer or you're not on the Internet, you can't do it.

MONTEITH: You can go into Inland Revenue enquiry centres ...

DUGGLEBY: And do it there.

MONTEITH: ... and they will help you. They are actually also taking bookings for appointments, so they will help you that way too.

DUGGLEBY: Oh, that's interesting.

WARBURTON: I could say, Elizabeth, there's a lot of tax amounts going out this very week, so it may come on Friday.

DUGGLEBY: Okay. Well we've run out of time, I'm afraid, but my thanks to Anita Monteith, who's from the Institute of Chartered Accountants; Chas Roy-Chowdhury from the Association of Chartered Accountants; and Mike Warburton from Grant Thornton. A reminder of the information line - 0800 044 044 - and the website, bbc.co.uk/moneybox. Now Paul Lewis will be here with the next programme at noon on Saturday and he'll be asking whether banks can better identify themselves when they phone you at home, so you know it really is the bank and not a fraudster calling. We're interested in hearing your experiences. So if you have one, write to us or send us an email - moneybox at bbc.co.uk. I'll be back same time with Money Box next Wednesday afternoon taking your calls on insurance.

