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## **MONEY BOX LIVE**

**Presenter: VINCENT DUGGLEBY**

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**DUGGLEBY:** You can bet your life that tax is going to feature very prominently in the news over the next few months as the General Election draws closer. The political parties are under pressure to spell out what tax rises they have in mind - partly because the recession means that much less is being collected. That said, our concern on this Money Box Live is that you shouldn't pay any more tax than you have to. But that doesn't include tax evasion, such as trying to conceal offshore interest, for example - something the Revenue is trying to clamp down on. Rather it's taking advantage of legitimate tax saving measures such as ISAs or pension contributions, the annual investment allowance, and other expenses which the self-employed are entitled to, and not falling foul of the dates and deadlines which trigger penalties and surcharges. So if, like me, you file your self-assessment return on paper, you must do so by the end of October. Online it's 31<sup>st</sup> January, at which point you have to pay outstanding tax due for 2008/09, plus an advance sum for the present tax year. And that in itself could cause problems because unemployment is rising and you might find yourself paying tax on income you haven't got. You may wish to raise that issue or maybe others, such as tax on rental property, for example; holiday lettings where the rules are changing; capital gains tax, which is now at the flat rate of 18%; or more likely, you might want to know how to establish capital losses. Your chance to get some expert advice from my three guests: Anita Monteith, Tax Manager at the Institute of Chartered Accountants for England and Wales; Leonie Kerswill, Tax Partner at PricewaterhouseCoopers; and Mike Warburton, recently elevated to Director with Grant Thornton. The Money Box Live number - 03700 100 444 - and

the first call from Russell in Bath. Russell?

**RUSSELL:** Oh good afternoon.

**DUGGLEBY:** Hello.

**RUSSELL:** Well I was emailing the programme earlier with a question, which is mainly why is it that since I pay my tax PAYE with my national insurance every month out of my salary and the Inland Revenue set that with a tax code, why is it necessary for me to fill in a self-assessment tax form when they know perfectly well how much I earn and how much tax I've paid?

**DUGGLEBY:** Probably because they think you might have some other income other than your employment, Mike, I imagine?

**WARBURTON:** Yes, Russell, could I ask you - did you say all the income that you get is taxed at source?

**RUSSELL:** Yes, I have one job. I have, you know, a job which I go to every day of the week and that's my salary for the month.

**WARBURTON:** Can I ask you, are you a higher rate taxpayer or a director?

**RUSSELL:** No. No, I don't think I quite qualify for the higher rate.

**WARBURTON:** You're not higher rate, you're not a director. And you don't actually have extra tax to pay each year. They just send you the return?

**RUSSELL:** Yes.

**WARBURTON:** Well the answer is I'm surprised they keep sending it to you. You don't have any choice. If they send you a return, you do need to submit it either by

paper or online. So you've got no choice on that, but I would say on the form in the white box, 'my affairs are as you've just described them. I don't believe I need a form each year' and eventually I think they'll get the message and stop issuing them.

**DUGGLEBY:** Okay.

**RUSSELL:** But I have been telling them every year for the last 6 years and they don't seem to take a blind bit of notice, if you ask me.

**MONTEITH:** Russell, I agree totally with what Mike said. I think you should actually give them a call. And it may take you a year or two to get out of the system. But the problem with writing stuff in the white box is that they may key it in, but the computer is not a thinking machine and they won't necessarily pick it up that way. So ring them up and actually tell them.

**LEWIS:** The other point here thought, Leonie, is that they do make this qualification when they send you the letter saying okay, we won't send you a tax return, and they say 'if you want circumstances changed, you must tell us or else ...' and that's worth mentioning.

**KERSWILL:** Yes, it is. If you manage to get off the system, Russell, so you're no longer doing the return - if anything changes, so you get a second job which isn't under PAYE or you've got investment income, it's up to you to tell the Revenue that you need to go back into the system. If you don't, you can leave yourself open to interest and penalties.

**DUGGLEBY:** It works both ways.

**KERSWILL:** Absolutely.

**DUGGLEBY:** Okay, moving onto Alan now in London. Alan?

**ALAN:** Yes, hello. Can you hear me?

**DUGGLEBY:** Yes, I can.

**ALAN:** Right, now I'm 66 and a pensioner, they want me to fill in a tax form return and I didn't realise until two weeks ago because they claim to have sent me a form in April, but it didn't arrive and so I didn't realise that I had to fill anything in until two weeks ago when the October demand letter came. So I phoned them up for a form, which apparently I can only obtain from their office, not by going into any local tax office. Two weeks later, the form still hasn't turned up. I'm beginning to wonder what I should do. Time is passing and I haven't got anything to fill in.

**DUGGLEBY:** Well, yeah, two weeks isn't actually that long. I mean my experience of getting forms is they normally say five working days. So what do you think, Anita?

**MONTEITH:** Alan, are you sure that this is an actual tax return form that they want you to fill in?

**ALAN:** Yes. Unfortunately I think so, yes.

**MONTEITH:** Right. It's just ...

**ALAN:** Because they sent this warning letter about October 31<sup>st</sup> being the deadline for a form.

**DUGGLEBY:** That's right, well that's the deadline for the paper returns.

**ALAN:** They said they sent me a form in April, but of course I didn't receive a form in April and I didn't know I had to fill anything in until two weeks ago.

**MONTEITH:** Right, well there are two ways of getting a form. You've tried one, which is actually ringing them up and asking them to post it to you. That may take a

couple of weeks. Do you have access to the Internet?

**ALAN:** Well I can, but I don't have my own computer, you see. I have to use the library or something like that.

**MONTEITH:** Right. I mean that's not ideal, but if you can get onto the Internet you can download a form from their website and use that.

**ALAN:** Is it the same form?

**MONTEITH:** It is the same form, yes.

**ALAN:** Ah, I didn't realise that.

**DUGGLEBY:** So have you got a friend with a computer?

**ALAN:** Yes.

**DUGGLEBY:** Then you could download the form. Now this doesn't compromise any security, does it Mike? I mean it's just a form.

**WARBURTON:** No, it's a blank form. It doesn't compromise any security. Could I just check Alan, are you receiving a state pension now?

**ALAN:** Yes.

**WARBURTON:** And are you getting an occupational pension as well?

**ALAN:** Yes.

**DUGGLEBY:** That's probably why.

**WARBURTON:** I've made this point many times on this programme that it is very often people in your position becoming pensioners that have often the most complicated tax affairs of anybody because you've got different sources of income: a state pension, an occupational pension, you may be doing a little bit of part-time work. Unfortunately, is that your position essentially?

**ALAN:** I'm not doing part-time work at all. But I must admit, I mean to be quite frank, it's caused me amazing stress recently because of this. I just wish I wasn't 66.

**WARBURTON:** (*over*) We all think that.

**DUGGLEBY:** You're not the only one, I'm sure, caused stress by the Inland Revenue.

**ALAN:** And I didn't realise what was going on, why they wanted all this, because I'm not avoiding tax anywhere.

**DUGGLEBY:** And in general terms, just widening this out panel, my experience is that this year the acknowledgement of the self-assessment returns is really lagging. It's very slow. What's your experience, Leonie?

**KERSWILL:** It's definitely slowed down this year. And we were speculating earlier whether it's down to the new computer system maybe that's slowing things down, but definitely this year ...

**DUGGLEBY:** They've been updating it, haven't they? Yeah, yeah.

**KERSWILL:** Yeah, real time lag this year.

**DUGGLEBY:** Usually by this time of the year, if you sent your return in perhaps 2 to 3 months ago, it used to be, I reckon, about 8 to 10 weeks to get an acknowledgement and, of course, the assessment. Now I rang them up the other day and I said when are

they likely to come through and he said, “I’ve no idea. It’ll be by January”, and I thought, my goodness, they are in trouble, or there’s something going on.

**KERSWILL:** It doesn’t leave you much time to plan though, does it, to pay the tax if you’re waiting?

**DUGGLEBY:** It doesn’t. No, it doesn’t.

**WARBURTON:** I just wonder if this is all to do with ... There’s obviously a lot of staff cutbacks at HMRC in many departments at the moment and I think there’s a lot of pressure on the people concerned. And our affairs keep getting more and more complicated courtesy of successive governments, shall we say.

**DUGGLEBY:** Indeed. Let’s see what Wendy has to say. I think you’re also on about deadlines for your self-assessment form, Wendy.

**WENDY:** Yes, I sympathise with somebody being a pensioner. I put my self-assessment form in in September and when I spoke to the HMRC on the phone, they told me that the final date was 31<sup>st</sup> October if I wanted them to assess my tax. And then they made some comment about another date being available, a later date than October, and I wondered if you know anything about this?

**DUGGLEBY:** Oh yes, this is the online system, Leonie, isn’t it?

**KERSWILL:** That’s the 31<sup>st</sup> January deadline. Wendy, if you’re happy to fill your tax return in online, then you’ve actually got till 31<sup>st</sup> January to send your return in, not 31<sup>st</sup> October.

**WENDY:** Oh I see, it’s just online.

**KERSWILL:** Yuh. Is that something you can do?

**WENDY:** I could do, yes. It's complicated because we have Internet access in the house, but I don't usually use it. But I could do it.

**DUGGLEBY:** The advantage of online is it immediately assesses the tax that's due and tells you what it is.

**WARBURTON:** Oh yes, the computer does it automatically, Wendy. So if you do it online, that will give you the comfort of security. You know it's arrived, you're not dependent on the post; it will work out your tax for you. And certainly HMRC do encourage as much online filing as possible, not the least because it saves them a lot of work. The thing to be careful about is if you're going to do a paper return, you do need to get it in by 31<sup>st</sup> October. What you don't want to do is be doing a paper return which you put in after 31<sup>st</sup> October because you can't then do an online return. Effectively you've then filed a late return.

**DUGGLEBY:** But it also triggers the penalty, doesn't it?

**WARBURTON:** Well it triggers the penalty unless you pay the tax that's due by 31<sup>st</sup> January.

**WENDY:** Well they actually said because I was a pensioner, I was exempt from the penalty.

**MONTEITH:** That's not true, I'm afraid Wendy. As long as you've paid the tax by 31<sup>st</sup> January, the penalty gets capped, so it would be reduced to nothing if you paid all the tax.

**WENDY:** Oh I see.

**KERSWILL:** The other thing, if you are going to file online, you will need to get a pass code from the Revenue, so you need to drop them a line and just ask them to send you that.



**WENDY:** That's probably not a problem.

**KERSWILL:** Good.

**DUGGLEBY:** This one is also from ... This is about online filing. It's from Clifford in Bury St. Edmonds. And he says he sends his tax return in online, but he's got some investments which he thinks qualify for top slicing and he's not at all sure how on earth the computer will cope with ... Does it tell him what top slicing will be and work out how it'll work?

**WARBURTON:** Do you want me to explain top slicing?

**DUGGLEBY:** Well ...

**WARBURTON:** Very briefly, top slicing is for anybody who's got a single premium insurance policy or in fact many insurance policies and you cash them in. What happens is a complicated calculation whereby they look at the profit that you've made on your insurance policy. It then divides it by the number of complete years that you've held the policy. It works out how much tax you've got to pay on that element, and then it multiplies the answer by the number of years you've held it. It's all a carefully designed scheme, a cunning plan to stop you paying higher rate tax if you were only pushed into higher rate tax by the profit arriving in one year. Does that make sense?

**DUGGLEBY:** Yeah, it makes some sort of sense, but I reckon what Clifford's on about is I'm not sure he even knows where to put this calculation in or whether he has to calculate it. Or having put it in, does he just simply put the profit on the bond and then the computer miraculously works it all out for him, or not?

**WARBURTON:** Well I think ...

**MONTEITH:** The computer should work it out for him, yes.

**DUGGLEBY:** As long as he puts the right information in.

**MONTEITH:** Yeah.

**DUGGLEBY:** And that probably is the most difficult thing, if you don't know what ...

**WARBURTON:** All the information about a policy - how long you've held the policy, what you've taken from it, etcetera. But if you fill it all in, it should work it out for you.

**MONTEITH:** If you've only got one, there shouldn't be a problem. The computer should handle it perfectly well.

**DUGGLEBY:** Okay. Comfort for Clifford then. (*laughter*) Let's see if we can comfort Joyce in Gipsy Hill. Joyce? Hello Joyce?

**JOYCE:** Hello.

**DUGGLEBY:** Yes, your call now.

**JOYCE:** Hello. My problem is I retired on 27<sup>th</sup> February 2008 and I was advised that I might be entitled to some sort of tax rebate, so I wrote to the Inland Revenue about it. And instead of getting a tax rebate, I had a letter which told me that I underpaid my tax by £5,870, so my employer did not collect the correct tax. Now my ex-employers are saying they did, they worked on the tax code that was given to them, and the Inland Revenue is saying no they didn't. So I'm in a dilemma where it's being investigated and they're adding 2.5% interest on a daily basis.

**DUGGLEBY:** Okay, well there's a number of questions in there, so let's try and unpick this one, Leonie. I mean first of all obviously an employer has an obligation to collect the correct amount of tax as notified through coding. One point is did you have

a lump sum at the end of your employment or perhaps a pension commutation or a redundancy payment?

**JOYCE:** I had a redundancy payment because the post became ... That's why I retired: the post became redundant.

**DUGGLEBY:** Alright, okay. Well now that seems ... I don't know. What do you think, Leonie? Do you think it may be the ...

**KERSWILL:** Well what happens there, I'm not sure if it made you a higher rate taxpayer or you already were, but depending on when you got the redundancy payment paid, they might have only deducted basic rate tax. So they might ...

**JOYCE:** I understood that the redundancy payment was tax free.

**KERSWILL:** Ah, it was within the £30,000 tax free?

**JOYCE:** Yes.

**KERSWILL:** Okay, so that shouldn't have caused the underpayment.

**DUGGLEBY:** But it could.

**KERSWILL:** Otherwise, yeah, otherwise it could have done. And I think the next point is about the notice of coding. If that had been right, you wouldn't be expecting this sort of underpayment. But maybe there was something wrong in the notice of coding.

**JOYCE:** The trust is saying they operated the correct coding.

**DUGGLEBY:** Well they would have operated the one given to them by the Revenue. Mike?

**JOYCE:** By the Inland Revenue.

**WARBURTON:** Joyce, there can be particular problems when people are made redundant and they get a tax free lump sum because sometimes employers will work the coding correctly, but the Revenue don't necessarily accept the tax treatment that's been applied on the tax free lump sum. With the amount of money you're talking about being underpaid, that's a large amount of money, I just wonder whether the Revenue are failing in their own calculations to take into account the fact that the tax is ...

**JOYCE:** (*over*) If the money is owed, I have absolutely no problem with paying it.

**WARBURTON:** Of course.

**JOYCE:** What I have a problem with is the interest that's being added on a daily basis while it's being ...

**WARBURTON:** Well I would want to check that they've actually given you - when they've done this calculation saying you owe £5,000 - I'd like to make sure that they've actually given you your tax free lump sum because it sounds to me that they may not have done that. Even though it was processed by your employer correctly through the PAYE position ...

**DUGGLEBY:** Maybe they've taxed the £30,000.

**WARBURTON:** ... the Revenue calculation haven't taken account of that correctly and given it a tax reduction.

**JOYCE:** They're saying that the amount of money that I owe started 2006-2007, 2007-2008.

**DUGGLEBY:** Well that would suggest an incorrect tax code of some sort.

**JOYCE:** Yeah. Now my tax code for 2006-7 was 81L and then 2007-8 was 157L.

**MONTEITH:** Joyce, I think you're going to have to go back to them and ask for a calculation. The other thing is have you been receiving a pension?

**JOYCE:** Yes.

**MONTEITH:** Were you receiving a pension while you were employed?

**JOYCE:** Yes.

**MONTEITH:** And had you been paying tax on it, do you know?

**JOYCE:** Yes, yes.

**MONTEITH:** Oh right, okay, so it's not that one.

**DUGGLEBY:** Well that's not possible.

**MONTEITH:** Definitely go back and ask them for a calculation because we're guessing otherwise.

**WARBURTON:** Just one other possibility, Joyce. You're saying this goes back a number of years. If you're entirely innocent in this and there's been some error, possibly in the issuing of a tax code or by HMRC or whatever, there is a concession known as Extra Statutory Concession A19, which can sometimes apply to prevent the tax become collected. I don't know enough about the circumstances to say whether it necessarily applies in your case, but Extra Statutory Concession A19 I have used on many occasions and the Revenue have dropped the collection of the tax - as long as it's their mistake and you thought that you were in the clear.

**DUGGLEBY:** Okay, moving on now to Sally. Is it Sally or is it Steve? I think Steve

is our next one. Steve.

**STEVE:** If it's me, I'm Steve.

**DUGGLEBY:** It is. You're Steve. In that case, you're the one.

**STEVE:** I'm not Sally. Good afternoon. I've been working for an employer for quite some time being taxed at source, but in a month's time I'm likely to lose my job and almost certainly not going to be able to get back into work for a long time because of health reasons. I'm expecting a redundancy payment, which might be taxed, and I'm wondering the best way really of letting the Inland Revenue know of my change in circumstances.

**DUGGLEBY:** Right, well obviously we're sorry to hear you're losing your job. The payment that you get will depend of course on what your employer has decided to do - some is statutory and some is given to you.

**STEVE:** They've been very generous actually so far.

**DUGGLEBY:** They're been generous, good. Well in that case ...

**STEVE:** I've been ill for a long time and they've paid me well.

**DUGGLEBY:** As we mentioned earlier, any sum over £30,000 is taxable. But the procedures I think we need to deal with, team - the procedures for what happens when you become redundant, who you tell.

**WARBURTON:** Well presumably on your pay slip each month, you have a tax code, have a tax reference number in some way on your code giving the tax reference number, so you have a tax district that looks at ...

**DUGGLEBY:** *(over)* Your unique tax reference ...

**WARBURTON:** ... your unique tax reference number which tells you the tax district. Now it may well be that your tax district will change because if you effectively change your income sources - either you get another job or you take a pension or whatever - that may change, but for the moment that is where your tax records are. So I think the right thing to do is to ring up that tax district and explain to them what's happened, so that they're aware of your change in circumstances, and that will get the whole process started. There'll probably be more information they'll want from you, but I think notify them in the first instance.

**DUGGLEBY:** Because the problem I would foresee in this is if you're going from perhaps reasonably well paid employment, you're paying quite a large bill perhaps on redundancy payment, what I'm concerned about is suddenly the tax bills keep coming and the income isn't there anymore. What do you think, Leonie?

**KERSWILL:** Well in theory the tax bills shouldn't come because they will be triggered by the tax return. But I would make sure that you're getting all the allowances you're entitled to as well. So I agree with Mike - phone call, get in touch with your tax district, explain the change of circumstance, and then that starts the whole process in motion.

**DUGGLEBY:** Yeah, but the day you actually leave the firm, you can't guarantee that your tax affairs are absolutely correct at that point because they probably aren't. You may be underpaid, overpaid, goodness knows what. Then you've got to go along to sign on for jobseekers allowance.

**WARBURTON:** Typically you will have not taken advantage of all your tax allowances because the PAYE system takes your tax allowances on a monthly or weekly basis.

**DUGGLEBY:** So there should be a rebate.

**WARBURTON:** So there ought to be some extra tax allowances potentially to give you a rebate if you then don't take on any further work, Steve, as you say may be the

case.

**STEVE:** Yeah, I've never actually filled in a tax return as yet. Will I have to fill one in?

**DUGGLEBY:** You don't have to, but I just wonder whether in these circumstances it might be a good thing.

**STEVE:** Because I'm going to miss the date. I'm going to certainly miss the hard copy deadline because my job, if it does end, will be on 30<sup>th</sup> October.

**DUGGLEBY:** No, this is last tax year. It's not the current tax year.

**MONTEITH:** The PAYE system, since you are an employee at the moment, if everything worked absolutely perfectly, it should unwind properly and you will get back your tax automatically.

**STEVE:** Okay.

**MONTEITH:** Don't worry too much about the deadline because we're currently in the tax year 2009-2010 and the deadline for that one is 31<sup>st</sup> January 2011.

**STEVE:** Right, so I might get it in on time.

**MONTEITH:** *(laughs)* You'll have another job by then.

**DUGGLEBY:** Well let's hope you get another job rather quicker than you fear, Steve. Thanks for the call. And now it is indeed Sally. Your call, Sally?

**SALLY:** Hello. I started working freelance in November and I'm now filling in my first ever tax return. I made a loss of approximately £700 through my freelance work in the tax year 2008-9. I was wondering how much of that I should carry over to



2009-10?

**DUGGLEBY:** So this is your first year of trading, yeah, which is always a bit complicated. You're all looking very enthusiastic. *(laughter)* Mike?

**MONTEITH:** Carry it back.

**WARBURTON:** Well the answer is the tax rules are relatively attractive for you in the context of starting up as a sole trader. They recognise that you may make a loss and the rules are generous because you can claim to set that loss against your income, which may well be ... I think you've been on PAYE, have you, until now Sally?

**SALLY:** Until last August, I was on PAYE.

**WARBURTON:** Right, okay.

**SALLY:** I then had a break between August and November, and in November set up as freelance.

**WARBURTON:** Right, well the good news is that the loss that you've made from self-employment, you can claim against your PAYE income and you can actually make a claim to carry that back to the income you earned 3 years ago, which will probably be the best thing because, depending upon your tax rates. I don't know, were you a higher rate taxpayer 3 years ago?

**SALLY:** No, I wasn't.

**WARBURTON:** No you weren't, okay.

**SALLY:** I was actually, I was a student 3 years ago.

**WARBURTON:** Oh right. Well you've got a choice. You can either set the loss

against your income 3 years ago, or you can set it against the current year, or you can carry it forward. But my guess is set it against your income where you can get the full benefit of the income tax repayment.

**SALLY:** Ah right, I didn't realise that I could specify it for previous years.

**WARBURTON:** You can. You can carry it back 3 years. That's not necessarily the best answer.

**DUGGLEBY:** You can choose.

**WARBURTON:** You can choose. It depends. But what I wouldn't want you to do is to surrender it against income 3 years ago if you were a basic rate payer then if this year, for example, you're a higher rate taxpayer.

**SALLY:** Right.

**DUGGLEBY:** So choose the year which is most beneficial to you.

**WARBURTON:** Where you've got the highest tax rates basically. But it's a very generous rule, that. It was brought in by Denis Healey, would you believe, in 1970...

**DUGGLEBY:** The 70s, yes.

**WARBURTON:** 78, I think. 1978 - Section 30, there you are.

**DUGGLEBY:** Alright, Sally. Good news for you on that score then. And we'll just take an email now, which is from Jim in Accrington. He says he subscribes to a money purchase pension scheme - approximately £105 a month. He also puts £125 into a share save scheme operated by the employer. Now he's looked at the various figures that appear on his pay slips and he can't for the life of him work out how this can be reconciled with the tax return he makes and the sums that the Inland Revenue

produce at the end of the year. Now we have to trust the Revenue that they get it right, but I can sympathise with him because I can never make these sums add up because of course the employer kind of feeds these figures in, Leonie, and you just have to trust that the necessary relief is given.

**KERSWILL:** Yes, it's a bit like most of this happens, behind the scenes, and you have to hope that it's all happening smoothly. Generally you shouldn't be paying tax on it. You should be getting all your tax at source and it should be sorted out for you, as I say behind the scenes, but some of it you do have to slightly take on trust.

**DUGGLEBY:** I mean unlike, for example, self-employed with pension contributions, the employer takes care of the higher rate tax; whereas of course the self-employed we know have to make the *claim* for the higher rate tax. It's only the basic rate tax. But the employer, in this case, would have taken care of both the higher rate and the basic rate.

**KERSWILL:** (*over*) It should have all happened automatically, absolutely.

**WARBURTON:** I mean the way it works is the employer pays directly to the pension fund and you as an employee can choose to maybe give up part of your income as a pension contribution. And that goes directly to the pension company. It never hits the PAYE system at all. And you don't just save income tax; you save national insurance as well. And so does the employer. So it's a good idea. If you want to save for a pension, say to your employer can I make a contribution either as a voluntary contribution, an additional voluntary contribution or in some other way, so that it goes straight to the PAYE system because it saves them money and saves you money.

**DUGGLEBY:** And we mustn't forget, of course, for 2 or 3 years now of course you've been able to offset as much against your income as you like. I mean in theory, you can take zero income if you're self-employed and put the whole lot into a pension.

**WARBURTON:** Well you can save £3,600 a year into a stakeholder pension.

**DUGGLEBY:** And you can actually if you make profits of £20,000, you can put the whole lot into a pension scheme if you were in a position to do so. Anyway, we'll move on now and talk to Sam. Your call now, Sam.

**SAM:** Good afternoon. I've returned back to the UK, having lived in Europe for the last 12 years. I run a self-employed or an agency business in Belgium, now becoming domiciled back in the UK. I'm having difficulties filling in my tax return for the UK tax system, which will incorporate profits that I've made in Belgium. I don't know how to do it.

**DUGGLEBY:** Well get yourself an accountant, I would think, because in theory we can move around Europe freely, but unfortunately the tax systems are still, I suspect, in competition with one another. Anita?

**MONTEITH:** I would agree with that. I think, Sam, unless you've got some professional adviser already, you really need to get some help with sorting this one out.

**WARBURTON:** Could I ask Sam, when did you actually arrive back in the UK?

**SAM:** July.

**WARBURTON:** In July. Okay, so what you've got is technically called a split year treatment, so you've been resident in Belgium and not resident in the UK. We've got a double tax treaty with Belgium, so what it means is that you will be treated as a resident in the UK from July when you returned but not resident before that, so you'll be subject from July to tax on your worldwide income. But whatever tax you've had in Belgium that might get taxed over here, you'll get a tax credit for that tax paid in Belgium. But the way the Revenue work is you will have been non-resident for a 12 year period but you will now be treated, as I say, from July when you come back, as

being UK resident.

**MONTEITH:** But you'll have to watch the fact that ... You know his company's still in Belgium, so you're still going to have presumably something going on there. Are you, Sam?

**SAM:** I'll have to pay tax in Belgium on income earned in Belgium.

**KERSWILL:** Is it actually a company you've got in Belgium because you say you're self-employed and then you say you've got a company. Is it a company?

**SAM:** Well, yes. The way it works in Belgium, although they call it self standing, you're registered for VAT and everything else in Belgium.

**KERSWILL:** You need to get an accountant.

**DUGGLEBY:** I don't think we'll go into Belgian tax. I think this is one of the ones where we'll probably lose most of the listeners, so let's get back to British tax hopefully and talk to Jane in Shirley. Jane?

**JANE:** Oh hello. I've got this job where I work for lots of different companies but they pay, you know, it's PAYE. It's one of these things where you used to be self-employed and they put PAYE on it, but I work for several companies. I have an old age pension and I also have a small private pension. Well up to now I haven't had to do any filling in any tax forms - you know they take my money when I work - but because I'm now getting a private pension, I don't know whether I need to start filling in self-assessment forms.

**DUGGLEBY:** We did touch on this a little earlier, Mike.

**WARBURTON:** I think the answer, Jane, is it probably is in your interest to fill in a self-assessment tax return anyway. You're one of those people who've got multiple

sources of income, you've got different employment income, you've got different pension income ...

**JANE:** Yeah, but they all take PAYE off my employment.

**WARBURTON:** I know they do, but the trouble is the PAYE system is really not very well geared up to deal with people in your circumstances with lots of different sources of income. It's not your fault. It's just the way the system is designed. And I think there's a significant danger that you will either overpay or underpay tax, and I think it would be a good idea for you, with these different sources, to complete a self-assessment tax return so the whole lot is collected together and a calculation can be done.

**DUGGLEBY:** Before we end, I just want to mention something briefly, which we've had one or two emails about, and that's fake emails purporting to come from the Inland Revenue saying you've got a tax refund. Now this is quite a serious matter, Leonie?

**KERSWILL:** Well I actually got one at my home email yesterday. And it looks very, very real. You get lots of logo, it looks very official, there's no spelling mistakes in it. But the things that give it away - 'Dear applicant'. The Revenue never ever write 'dear applicant'. They put your full name in. The website address isn't right and anyone who asks for your personal details over the Internet, please ignore those emails.

**DUGGLEBY:** But these are dangerous looking emails.

**KERSWILL:** Absolutely.

**WARBURTON:** They are very lifelike, they look very realistic, but never ever give away information about your bank details. That's an absolute no, no.

**MONTEITH:** There's a full list of them on the Revenue's website.

**DUGGLEBY:** And if anybody's had one of these things, well we'd be delighted to hear about it.

**KERSWILL:** Tell the Revenue, yeah.

**DUGGLEBY:** Yeah, but we'd also like to hear how widespread it is. We fear it is more widespread than many people think. We've run out of time, I'm afraid, but thanks to Anita Monteith from the Institute of Chartered Accountants for England and Wales; Leonie Kerswill from PricewaterhouseCoopers; and Mike Warburton from Grant Thornton. Now if you'd like details of anything we've been discussing, two options: the Action Line on 0800 044 044; our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox) with details of transcripts from recent programmes and links to HMRC and other useful websites. And don't forget to send us an email if you have a tax tale you'd like to share. Paul Lewis will be here with the next Money Box at noon on Saturday. I'll be back to take your calls about banking on Money Box Live same time next Monday afternoon.