



Borrowing funds from your own Company: will it work for you?

Director/shareholders have a unique position with their companies for tax purposes. Usually, they can decide when and how to withdraw funds from their business, but these withdrawals can have unforeseen tax effects.

Salary, dividends, and loan repayments to you

If amounts drawn are taken as salary or dividend payments the tax implications can be planned for and will form part of the annual tax return submission. Also, if directors withdraw funds that they have previously loaned to their company, this will create no tax issues.

Directors' loans from your company

During these difficult times, we all need to manage our finances with care and aim to avoid strategies that create unwanted tax liabilities. If directors withdraw funds as a director's loan/ private overdraft, rather than salary or dividends etc., this may result in the director owing unexpected income tax and their company, owing both taxes and NIC liabilities.

Can we help?

If you are presently building up an overdrawn position on your loan with your company, please contact us as a matter of urgency so that we can devise a plan to regularise your loan and mitigate any tax issues.

For further information on this, including tax issues you may face as well as ways to mitigate any tax implications, download our Special Issue Broadcast [HERE](#). As ever, we are here to help you.

Van or car - Is the classification clear?

There are numerous benefits to buying a van as opposed to a car for your business – you can claim back the VAT and the taxable benefit in kind is usually less than a car (unless electric).

As the benefits of owning a van outweigh that of a car it is important that your supposed vehicle falls under the classification of 'van'. This may seem rather straightforward but HMRC's definition has been vague - resulting in some falling victim to tax ramifications.

Recent developments in a case with Coca Cola have brought into question a lot of these predetermined classifications – highlighting how this status may come under scrutiny from HMRC.

Previously, if the vehicle is capable of transporting goods and has a 1-tonne payload it has been treated as a van; regardless of additional seats being behind the driver.

Your van could be classed as a car if:

- It has a row of seats behind the driver
- It has a dual purpose e.g. It can carry goods and passengers

Now that it has been investigated HMRC may be looking more closely at the classifications and may resort to a harsher approach than previously conducted.

For more information surrounding the guidance on the difference between cars and vans for tax purposes visit HMRC's website [HERE](#).

For further information visit our website [HERE](#).

Starting a new business – key steps to help you

In our most recent report on this topic, we review some of the recommended key steps that could be made for those contemplating a new business start-up (perhaps due to loss of employment).

The special Broadcast that we have produced details key areas that an entrepreneur should be considering. These include:

- Planning and research
- Tax opportunities and pitfalls
- Managing your business
- What's next?

From tax pitfalls to look out for to special considerations they need to examine during the present economic downturn – this step-by-step guide delineates the key factors need to be implemented into any new business venture.

You can download our report [HERE](#) or visit our website www.nhllp.com

ESSENTIAL TAX DATES

FOR OCTOBER

31 October

Deadline for submitting 'paper' 2019/20 self assessment returns.

FOR NOVEMBER

2 November

Deadline for submitting P46 (Car) for employees whose car/fuel benefits changed during the quarter to 5 October 2020.

19 November

PAYE, Student loan and CIS deductions are due for the month to 5 November 2020.

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