

## **Pre-Budget Report Update**

### **False self-employment & VAT Flat Rate Scheme**

#### **False self-employment in the Construction Industry**

In the Pre-Budget Report the following was announced regarding the consultation on the proposed 'definition' of self-employment.

*5.95 Following the consultation on false self-employment in construction, which closed on 12 October 2009, a summary of the responses received will be published in the New Year. The Government remains committed to addressing the problem of false self-employment in construction and will continue to work with stakeholders to develop a legislative solution that is well targeted, effective and that allows the industry to retain a flexible labour supply.*

This will be a sigh of relief to those expecting more detailed proposals or even draft legislation. There is also perhaps a hint in the final sentence that the proposals in the consultation document were inadequate or unworkable. The summary of responses to be published next year is expected to be highly critical of the practicality of the proposals. In addition as nothing has been formally announced in the PBR and a change of government seems probable, it remains to be seen whether a new incoming government will have the same appetite and commitment as this one to place additional burdens on the industry.

We will continue to review the PBR fully and update our clients with any further news, and we will of course be keeping a watchful eye on the consultation responses next year and any developments.

#### **VAT Flat Rate Scheme**

Although the VAT rate reversion to 17.5% from 1<sup>st</sup> January 2010 was announced as expected in the Pre-Budget Report, for users of the VAT Flat Rate Scheme [FRS], this does not automatically mean your FRS % has reverted to what it was pre-December 2008. Although many have reverted to the original % rate, HMRC have taken the opportunity to review the position based on more recent statistical data and many trade categories have been amended to rates different to those in place when the standard rate of VAT was previously 17.5%.

It would be wise therefore to check the revised rates before completing any VAT returns that cover the period from 1<sup>st</sup> January 2010 onwards. The table below shows the rates up to 30/11/08, from 01/12/08 to 31/12/09, and from 01/01/10 for ease of reference.

**If you have any questions or would like any further information please contact Christina Brennan by emailing [sales@abbeytax.co.uk](mailto:sales@abbeytax.co.uk) or calling 0870 166 6270**



## VAT - Flat Rate Scheme Percentages

Category of business	FRS% to 30/11/08	FRS% 01/12/08 – 31/12/09	FRS% from 01/01/10
Accountancy or book-keeping	13	11.5	13
Advertising	9.5	8.5	10
Agricultural services	7.5	7	10
Any other activity not listed elsewhere	10	9	10.5
Architect, civil and structural engineer or surveyor	12.5	11	13
Boarding or care of animals	10.5	9.5	10.5
Business services that are not listed elsewhere	11	9.5	10.5
Catering services including restaurants and takeaways	12	10.5	11
Computer and IT consultancy or data processing	13	11.5	13
Computer repair services	11	10	9.5
Dealing in waste or scrap	9.5	8.5	9.5
Entertainment or journalism	11	9.5	11
Estate agency or property management services	11	9.5	10.5
Farming or agriculture that is not listed elsewhere	6	5.5	6
Film, radio, television or video production	10.5	9.5	11.5
Financial services	11.5	10.5	12
Forestry or fishing	9	8	9.5
General building or construction services*	8.5	7.5	8.5
Hairdressing or other beauty treatment services	12	10.5	11.5
Hiring or renting goods	8.5	7.5	8.5
Hotel or accommodation	9.5	8.5	9.5
Investigation or security	10	9	10.5
Labour-only building or construction services*	13.5	11.5	13
Laundry or dry-cleaning services	11	9.5	10.5
Lawyer or legal services	13	12	13
Library, archive, museum or other cultural activity	7.5	7.5	8.5
Management consultancy	12.5	11	12.5
Manufacturing that is not listed elsewhere	8.5	7.5	8.5
Manufacturing fabricated metal products	10	8.5	9.5
Manufacturing food	7.5	7	8
Manufacturing yarn, textiles or clothing	8.5	7.5	8
Membership organisation	5.5	5.5	7
Mining or quarrying	9	8	9
Packaging	8.5	7.5	8
Photography	9	8.5	10
Post offices	2	2	4.5
Printing	7.5	6.5	7.5
Publishing	9.5	8.5	10
Pubs	5.5	5.5	6
Real estate activity not listed elsewhere	12	11	12.5
Repairing personal or household goods	8.5	7.5	9
Repairing vehicles	7.5	6.5	7.5
Retailing food, confectionary, tobacco, newspapers or children's clothing	2	2	3.5
Retailing pharmaceuticals, medical goods, cosmetics or toiletries	7	6	7
Retailing that is not listed elsewhere	6	5.5	6.5
Retailing vehicles or fuel	7	5.5	6
Secretarial services	11	9.5	11.5
Social work	8.5	8	10
Sport or recreation	7	6	7.5
Transport or storage, including couriers, freight, removals and taxis	9	8	9
Travel agency	9	8	9.5
Veterinary medicine	9.5	8	10
Wholesaling agricultural products	6	5.5	7
Wholesaling food	5.5	5	6.5
Wholesaling that is not listed elsewhere	7	6	7.5