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MONEY BOX LIVE

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TRANSMISSION: 21st JULY 2010   3.00-3.30   RADIO 4

DUGGLEBY: In the last couple of weeks, thousands of brown envelopes from Her Majesty's Revenue & Customs will have dropped onto the mat with demands for the second instalment of last year's tax bill. It mainly affects the self-employed and those with investment income outside the PAYE system, but either way it can be painful if you haven't already put the money aside. And if Money Box Live can help sort out a problem, then by all means call us on 03700 100 444. Hopefully we can also offer some tax planning advice in the light of measures announced by the coalition Chancellor George Osborne in his first Budget. It's unusual even for a new government to start changing tax rates mid-stream, but that's what's happened to capital gains tax and also to the tax regime for pensions and specifically annuities. You may have heard Mark Hoban's interview with Paul Lewis on Saturday's Money Box and picked up on the fact that a 55% tax charge has been proposed for funds in drawdown passed onto your heirs instead of the existing 82%, which applies once you've passed 75 years of age. The problem with the present system and indeed with the entire tax edifice is that virtually no-one understands it. The Inland Revenue are obsessed with avoidance. There are no fewer than 11,000 pages of rules and regulations and you get the impression that they revel in complexity for its own sake, regardless of whether it actually produces any more revenue. So three cheers for the new Office of Tax Simplification, unveiled by Mr Osborne yesterday and its director, John Whiting, a regular contributor to this programme now charged with identifying areas of complexity with potential for simplification. Another of our regulars, Mike Warburton, Tax Director at accountants Grant Thornton is here with me in the studio, along with Jane Moore, Technical Manager at the Tax Faculty of the Institute of Chartered Accountants, and Leonie Kerswill, partner with PricewaterhouseCoopers. 03700 100 444 is the number. And we have Sue with the first call.

SUE: Oh hello. I've got a problem in that the Inland Revenue, after I'd filled in my self-assessment form for 2008 and 2009, reckoned I'd overpaid tax. So they duly sent me a cheque in January for this overpayment. And returning from my holiday, having spent that money, they've now said whoops, it was wrong, and I've got to repay them again.

DUGGLEBY: This is the 2008-2009 tax year?

SUE: That's correct.

DUGGLEBY: Right. Mike, is she bound to repay them?

WARBURTON: Well I know it sounds very harsh because this is clearly a mistake on their part, but the answer is yes the money's still due back to HMRC. There are some special arrangements, Sue, if you've done everything and more than 2 years have passed. But in this case what you're saying it's within the last 6 months this has happened …

SUE: Yeah, they're not even accepting that it's their fault and keep on suggesting that I've done the calculation, which I haven't …

WARBURTON: Oh dear.

SUE: … and they've also intimated that I might even, if I can't pay it back in one lump sum, may have to pay interest on it.

WARBURTON: Sue, I know it won't help you, this, but I've got a client where exactly the same thing happened for in fact a much larger amount of money and it was entirely the Revenue’s fault. And 6 months went by and they did charge interest. They charged a great deal of interest. So that doesn’t help you. I think the best you can do if obviously you’ve spent the money, you can’t afford to pay it, is to take advantage of the time to pay arrangements …

SUE: Right.

WARBURTON: … but unfortunately they are entitled to all the money and actually they’re entitled to interest, which sounds very harsh.

DUGGLEBY: Leonie, the Revenue of course - I mean taking the words ‘self-assessment’ - the Revenue are bound to do the sums for you if you ask them to. You aren’t obliged to do the sums, so the Revenue can and do make mistakes but apparently can just change their minds if they discover it?

KERSWILL: Yeah, the Revenue will do the calculation for you provided you get the return in by the right deadline. But here something does seem to have gone wrong and what I suggest Sue does is just try and keep in touch with the tax office, maybe put something in writing so she’s got something to show - you know the correspondence for the discussions.

SUE: They have in fact written to me now twice, but it’s still ongoing.

KERSWILL: Okay. Have you written back to them and just put your side of the story?

SUE: No, I’ve only spoken to them by telephone.

KERSWILL: Okay, it’s probably worth putting it in writing as well, just so you’ve got it there.

SUE: Right.

DUGGLEBY: Jane, is there a formal appeal procedure, which you can invoke and say, sorry, I'm putting this into dispute at all?

MOORE: Not really, but I think who's to say that the £3,000 wasn't right the first time and they've got it wrong now?

DUGGLEBY: Well indeed.

MOORE: You need to make sure exactly what it is that they are telling you. If you're not happy with the way they're treating you or explaining things, you can in fact make a formal complaint which may get a more senior person looking at the case for you.

SUE: I'm also worried that if they've made a mistake once, have they made a mistake again?

DUGGLEBY: You and many others.

MOORE: Well not unknown.

DUGGLEBY: The Revenue's record is not too good on that, is it Mike?

WARBURTON: It's not too good. And of course one of the reasons, Vincent, is because we've got such an awfully complicated tax system, as you said before. And that's not entirely the fault of HM Revenue & Customs. That's more to do with ministers over the years.

DUGGLEBY: Okay, let's take an email now. A somewhat simpler question, I think. This is Phil in Leicester and he says, 'I'm told on my tax return to round income up or down … - or rounding them down, I'm sorry - on the whole number of pounds. But when I'm looking across a list of say share dividends, do I round each dividend down and then add it up, or do I add them all up and then round it down?' Jane?

MOORE: Good try, but I think the rounding just applies to filling in the box on the tax return. So you have to add up your dividends including the pence and then take the total and then you can round down the income on that.

DUGGLEBY: Does it matter, Mike, that if you sometimes add all these sums up together actually the tax that should be due on it is a pound or two out? Presumably the Revenue know that because when you add up a lot of numbers, it will produce a slightly inconsistent result?

WARBURTON: Oh it sometimes produces a slightly inconsistent result and sometimes you get tax demands for £1.50 and silly things like that.

DUGGLEBY: Surely you've never had a tax demand for that?

WARBURTON: I've seen tax demands demanding nil, so you can get all sorts of silly situations.

DUGGLEBY: Right, onto our next caller - John in Dunblane.

JOHN: Good afternoon team.

DUGGLEBY: Good afternoon.

JOHN: I'm retired. I retired in February 2008 and filled in my assessment online for that year in about November of that year. Unfortunately I didn't put in my company car benefits declaration at that time, I've discovered since then. Also my full employment was fine, as far as I knew, and I did a little freelance photography on the side. But I understand that PAYE, does that not pay my car benefits and fuel throughout the year?

DUGGLEBY: Ah!

JOHN: Would I not have been paid up till the February of that year?

DUGGLEBY: Well I'll ask Leonie that one. Is it automatically coded in?

KERSWILL: No, John, it isn't automatic. And I think this just points out how important it is to check your notice of coding to see whether the car and the fuel is actually on there because your employer can only operate the information that they're given from the Revenue. So if the car doesn't feature, the wrong amount of tax will be deducted and you'll be in the situation unfortunately you find yourself in now where you owe tax after the end of the year when you thought everything had been settled.

DUGGLEBY: Is that a trap that many people fall into, Mike?

WARBURTON: Yes, I mean there is a problem that first of all PAYE codes tend not to be checked. So, John, I do understand if you didn't check it, but I entirely agree with Leonie - I think it's very important that people do check their coding notices because, as you say, the employer has to work with the information given and the Revenue can only work on the information that they've been given, so people need to check. And unfortunately that tax will be due.

DUGGLEBY: Sorry, John, I'm afraid you'll have to pay up.

JOHN: Thank you for your help.

DUGGLEBY: Alright. We've got Jane now in North Wales. Jane?

JANE: Hello everyone. In recent years … I'm an OAP, by the way, and in recent years my income has been less than my tax allowance, so I haven't had to pay any tax. I've just inherited a portfolio of stocks and shares, and I was talking to someone from the Inland Revenue the other day and I happened to mention this and he said I wouldn't have to pay any more tax even though it's only taxed at 10%.

DUGGLEBY: You mean the income?

JANE: The income.

DUGGLEBY: Yeah. He's probably trying to be helpful and maybe he's right, as long as he knows what your tax circumstances are. He's talking about the tax credit, Jane.

MOORE: Yes, I mean when you get dividends on a share portfolio, you're treated as though you've had 10% tax taken off them. And provided you're not a higher rate taxpayer - I don't know whether you're …

JANE: No, I won't be.

MOORE: No, then there's no more tax to pay.

JANE: Really?

MOORE: But on the other hand, you can't claim the 10% back again.

JANE: Oh I know that. I would have thought I was going to have to pay another 10%.

MOORE: No, no. It's only 10% on dividends. The basic rate is 20% on other income, but it is 10% on dividends.

JANE: *(over)* Oh that's lovely.

DUGGLEBY: But a warning note here, Mike, and that is of course the income limit, which has a perverse effect on reducing your tax free allowance for pensioners if it receives a certain amount.

WARBURTON: Yes, I mean I don't want you to tell me your income, but …

JANE: It won't reach sort of …

WARBURTON: £22,900 a year is the limit, so if your income's above that then the age allowance is reduced.

DUGGLEBY: The key thing here is to remember there's a difference between what is called higher rate tax, which is the 40%; and the limit, which is a somewhat arbitrary limit imposed by the Revenue on those pensioners who they deem to be rich, which is £22... as Mike says £22,700.

JANE: *(laughing)* I'm not one of those.

DUGGLEBY: Maybe John Whiting will have a look at that one, I bet. I've never quite understood why that existed anyway. It was lost in the dim and distant past.

WARBURTON: One of the issues we've got at the moment of course, Vincent, is that personal allowances are being increased. They're going up by £1,000. But not for pensioners. So over the next 3 or 4 years, unless something's done for pensioners, then it looks to me as though everybody's going to be on the same allowances anyway.

DUGGLEBY: Indeed. Right a capital gains tax question has come in from Harriet and she's worried about the changes to capital gains tax - though I think needlessly in this case. She says, '2 years or 3 years ago we were planning to move out of our current home because we bought another one. So we moved, but we had to let out our previous home because we couldn't sell it. Now we think we may be able to sell it. We lived there. It was our owner occupied house for 7 years. What's the capital gains tax position?' She's obviously saying this in the light of the 28%. She's worried she's going to get caught for a bill. So Jane?

MOORE: Well the good thing about homes that you've actually lived in is that there are quite a lot of capital gains tax exemptions even if you've moved out. The last 3 years for which you owned the house will be free of capital gains tax even if you haven't lived there. And if you've been letting it out, there's an extra amount of relief called 'lettings relief', which can be up to £40,000 for both you and your husband when you sell the property.

DUGGLEBY: So this is most unlikely to produce any sort of gain that could be taxed?

MOORE: We'd have to do the numbers, but it seems unlikely that there would be a gain at the end of that.

DUGGLEBY: Right. But I'm aware, I mean having been through several housing recessions - as indeed you have, Mike …

WARBURTON: Yes.

DUGGLEBY: … I believe that they originally extended it to 3 years for just this very reason - that you'd got this housing slump and then people were left unable to sell houses. And we're now running into the period when this 3 year ownership rule will start to bite.

WARBURTON: Absolutely. I mean the original limit, that was as you say, 2 years, was there for that purpose - that you might have difficulty selling your house - and it's to encourage job mobility. People are able to move and buy somewhere else and maybe let their place out before they sell it. And in the last housing slump, it was extended from 2 years to 3 years for exactly that reason. So yes, 3 years on, I suppose now we're going to get more of these questions arising.

DUGGLEBY: Indeed. Right, Madhu in Bristol, you've got a question about tax on rental properties.

MADHU: I do, yes. Hello.

DUGGLEBY: Yes, hello, I'm here.

MADHU: I was self-employed until June of last year. I worked for a company through my limited company. And then I had a baby. I'll be going back into employment this time in August. I've been given a substantial signing on bonus for the job I'm joining in August, but I haven't worked in the period from June of last year until now, so effectively, a year and a month. I have two properties and I was wondering what might be the most tax effective thing for me to do with those properties and how I should go about it really?

DUGGLEBY: Presumably you're thinking about the capital gains tax liability on them and the fact that you haven't had any income for the last year? Is that at the back of your mind?

MADHU: Yes …

DUGGLEBY: Leonie, I mean this is quite an interesting question because it covers of course return to work and …

KERSWILL: And the change part way.

DUGGLEBY: There are quite a lot of tax issues, yeah.

KERSWILL: If you're going to sell them now, then your tax rate, your starting point will be CGT at 28%. You've got an annual exemption of £10,100, which if you haven't used it, you can offset against any gains. I think the point about you not having worked for part of the year would be important if you weren't going to work throughout the rest of the year because if you were a basic rate taxpayer some of the gain (or all of it) might be taxable at 18% and not 28%. But from the sound of it, you're getting a substantial signing on bonus. You'll be working for about 8 months of the tax year. So if that takes you into the higher rates or above £37,400, then the entire gain on the sale of the properties will be taxed at 28%. But the tax won't be payable until 31 January 2012? Yes, 2012, so you've got a bit of time to pay the tax if you sell this year.

DUGGLEBY: Any general points about maternity breaks, Leonie, which are worth bearing in mind perhaps for other listeners?

KERSWILL: Well I think there's a big difference. You said you were previously self-employed, so what you'll have received whilst you've been on maternity leave will be quite different from you know an employee who will have some quite specific provisions. But it is a good time perhaps just I think to think about as well looking at the family as a whole and deciding whether, if there is a lower taxpayer in the family, whether you put some investments maybe in their name, whether you hold assets jointly you know if your husband maybe is paying tax at a different rate, etcetera. So it's a good time to take stock and just look at the finances.

WARBURTON: Just a general view about career breaks - and we get a lot of this at the moment with people, students for example going off and having a break before starting work; people starting work during the year and of course not having a PAYE code that necessarily utilises all their personal allowances. So what it's important to do is to recognise that with the PAYE system, you might well be put on a week one or month one basis and not use up all your allowances, so in the first year after a break you can actually finish up paying too much tax and it's worth reclaiming.

KERSWILL: I have to say, as I always do, do claim tax credits because it may be if your income has fallen and you've got a first child or another child, you may find yourself eligible for tax credits when you hadn't expected to be.

DUGGLEBY: Okay. Thanks for that call. And an interesting email in from George in Hampshire. He runs a small electronics contract manufacturing company employing 80 staff, and he says: 'We've managed to survive the recession thus far by short time working and voluntary pay cuts for managers. But I'm a bit disappointed after the Emergency Budget because of the NI position' - bearing in mind of course he's got 80 employees. 'Can you advise me about the general issues in tax and national insurance that I should be looking at over the next few months and years?

WARBURTON: That's quite interesting because obviously this is the sort of business that the coalition government are wanting to encourage; and during the election campaign, Vincent you'll remember, there was quite a big issue made with the Conservative party putting forward a view that they were fighting against a so-called jobs tax. And that was to do with national insurance. It was employers' national insurance, and what they were basically saying is although from next April the rate of national insurance goes up by 1%, they didn't want anybody to suffer from that - a company to suffer employing people up to £35,000 a year. So in a business like this, as long as the staff are paid not more than £35,000 a year, hopefully that will mean that their national insurance bill will not increase. In fact it could well reduce because the extra 1% goes on but they're going to raise the threshold before you start paying employers' national insurance. Sadly that isn't the same case for employees' national insurance. That had to go. Although the Conservatives I think wanted that, the Lib Dems didn't - so as part of the coalition agreement, it's just the employers that save this so-called jobs tax.

DUGGLEBY: As George says, I mean he's put people on short time working and taken voluntary pay cuts. I mean the Revenue has been making an effort to be kind to businesses, Leonie?

KERSWILL: Yes, with their time to pay when you've got tax bills, etcetera. I mean I think you know all credit that you know the business has survived through some really tough times, but maybe some of the breaks aren't as generous as they might be for businesses such as this.

DUGGLEBY: What about investment generally because that always forms part and parcel of budgeting - encouraging firms to invest even if money's tight?

WARBURTON: Yes, well what we're seeing at the moment is a general move announced in the Emergency Budget on 22nd June towards lower corporation tax rates but actually less allowances for buying plant and equipment and what have you. So the government has decided that the thing to do is reduce the rate. So for a business of this size, suppose the profits are not more than £300,000 a year, then instead of paying 21% corporation tax, it'll drop to 20%. But actually they tend to reduce the allowances you can get …

DUGGLEBY: *(over)* So on balance … I mean we obviously don't know what the turnover of profits are, but I mean would you say that the firm might be perhaps a little less hard hit than perhaps George fears?

WARBURTON: Well, yes, and specifically because the government have said that they don't want the extra national insurance burden to bite. So it's exactly the sort of business the government do not want to hit with national insurance.

DUGGLEBY: Okay. George in Glasgow, your call?

GEORGE: Oh good afternoon.

DUGGLEBY: Good afternoon.

GEORGE: My wife and I register for tax in the UK, although my wife does not pay any tax due to her tax free allowance. Now we jointly own our house in the UK and also a house in Spain. We informed the tax office that our British house is our main house and we are now selling, about to sell, hopefully, our Spanish house.

DUGGLEBY: Right.

GEORGE: Now I have informed the tax office that this was a possibility, but obviously I don't know when.

DUGGLEBY: The Inland Revenue incidentally don't deal in possibilities. They never have and never will.

GEORGE: No, no, quite. However, the house agent in Spain has informed us that the estate will in fact be charged capital gains tax when the house is sold.

DUGGLEBY: Okay, I've got the point, George. I think you're asking us about the interaction of capital gains tax in Spain versus that in Britain. Is that what you're asking about?

GEORGE: Yes, but I've got a further question which leads on from that.

DUGGLEBY: George, I don't want to hurry you up, but you know can you please get to the point?

GEORGE: Yes. Well I'm not certain what rate of tax I would pay if there was a shortfall?

DUGGLEBY: *(over)* Okay, right, well let's … George …

GEORGE: *(over)* … the Spanish tax as opposed to the British tax.

DUGGLEBY: George okay, yeah, this is double taxation and it's within the European Community. And, Mike, there is a system for offsetting one lot of tax against another.

WARBURTON: Yeah. I mean the first point to make George is that just because you have elected your house in Glasgow as your principal residence doesn't mean to say … And first of all, well done for electing that. I'm assuming that you did that within 2 years of buying the holiday property. What you can now do is you can elect for a short period your holiday home overseas as your principal residence for just maybe a few weeks; and for UK capital gains purposes - because it's still potentially after UK capital gains purchase - you can get the final 3 years of ownership exempt from capital gains tax.

DUGGLEBY: Isn't that called flipping?

WARBURTON: Yes, it's what MPs do, Vincent, absolutely right. The MPs get full advantage of this. You can flip your home if you don't mind doing that. Now that's from the point of saving capital gains tax in the UK. As far as Spain's concerned, my understanding is that Spain has a capital gains system which reduces for the period that you've owned the property. But in any event, whatever you've paid in capital gains tax in Spain will be off-settable against your UK capital gains liability. And there's a little bit of a twinkle here because I think I'm right in saying that until recently Spain was incorrectly charging or breaching UK regulations and charging too much to UK citizens and they've just been put right by the courts on that. So hopefully they will be charging you with a lower rate of capital gains tax in Spain and not the one they've been charging a year or two ago.

DUGGLEBY: And I suspect that anybody who understands that will need to go back to the transcript for this programme, which will be put on the website in a few days time, to read exactly what you've said because it's quite complicated and I suspect might be quite difficult to negotiate without some advice - especially if the bill is quite large.

KERSWILL: I think there's just one other factor. It's not just the exchange gain on the house. You've got to look at the movement in the euro as well over the period. So it is slightly complicated.

DUGGLEBY: It is a complicated calculation. Right, Michael in South Wales, your call?

MICHAEL: Oh good afternoon. My question is how much can a parent give to a child before the child becomes liable to tax?

DUGGLEBY: Yes. Well of course parents can't give money without tax biting somewhere, but there are not very generous concessions. Jane?

MOORE: No, it's not so much the amount that you can give as the income that the child has. And if the child has at least £100 of income on money that's been given by a parent, then that is taxable on the parent as though it was still your income.

DUGGLEBY: So non-income producing assets in theory can be given up too. I mean you could give them a couple of old master paintings.

MOORE: Well you could except you just have to think about inheritance tax and capital gains tax because if you gift an asset, it's treated as if you sold it. So just be careful.

DUGGLEBY: Aha, yes of course it triggers the gain in the parents.

MOORE: Yeah.

DUGGLEBY: So you can give cash without limit, but not any asset …

MOORE: Well the inheritance tax will still …

DUGGLEBY: Not on cash because cash …

MOORE: Inheritance tax.

DUGGLEBY: Oh the inheritance tax bill. That's for 7 years.

MOORE: For 7 years, yeah.

DUGGLEBY: The capital gains tax is often a consideration which people don't think of. They think oh well it's got no income attached to it, but you can't give it away.

WARBURTON: Just a point. That £100 limit which Jane rightly mentions, that's for each parent, so if you've got two parents they can each give enough to …

DUGGLEBY: But grandparents okay?

WARBURTON: That's okay. Grandparents can give as much as they want.

DUGGLEBY: What about say a couple of brothers or a couple of sisters who give to each other's children?

WARBURTON: Useful arrangement.

DUGGLEBY: Yeah, well that's the point. You can't do that, can you? You can't have sort of you know you scratch my back and I'll scratch yours?

MOORE: The other thing about the £100 is if you give £99 none of it's taxable. If you give £101, all of it's taxable. It's not just the £1 on top.

DUGGLEBY: Aha! Right, an email from Maura in Aberdeen. She says, 'I sometimes give money through Gift Aid, but I'm asked when buying an entrance ticket at a museum or a bird watching site to do it through Gift Aid. I fill this form in and I sometimes don't make a note of what I've given. Is this all okay and what do I put on my tax return?'

MOORE: It's absolutely fine. I mean the charity benefits from it. The charity will be able to claim back some income tax on what you are essentially donating. If you don't know what you've paid them and haven't kept a note, you don't have to put anything on your tax return but then …

DUGGLEBY: But they know, do they? I mean you've signed the form.

MOORE: The charity will keep the records. If you don't … Usually they give you a copy.

DUGGLEBY: Right.

MOORE: If you don't keep a copy of what you've signed, then you can't claim it on your tax return.

DUGGLEBY: But do you have to put it on your tax return?

MOORE: You don't have to.

DUGGLEBY: But the charity still gets the money even though you don't put it on your tax return?

MOORE: Yes, it's up to …Well most people wouldn't necessarily benefit from putting it on the tax return anyway.

DUGGLEBY: Unless they're a high rate taxpayer.

MOORE: But if you're a higher rate taxpayer, you might want to put it to claim back the extra tax on that.

DUGGLEBY: Right. Jill in York, your call now?

JILL: Yes.

DUGGLEBY: Yes, your call?

JILL: Yes, that's fine, yeah.

DUGGLEBY: Yes, tell us what the question is.

JILL: I have pensions, I work part-time, and I also have a small self-employed income. I submitted my tax return and I made an error, and I have been trying to resolve it since January and nobody could tell me how to resubmit online. I had several phone calls to tax offices and nobody knew. So I wrote to them with the revised statement and I'm still getting letters. And I get letters from three or four different tax offices. What do I do?

DUGGLEBY: Is this a substantial mistake? I mean is it a lot of money which is involved or just a small amount?

JILL: Well it would make a difference of over £2,500.

DUGGLEBY: Ah, so that is reasonably substantial. I just wanted to check because the Inland Revenue obviously would be interested in a mistake that was going to be more.

KERSWILL: Whose favour is the mistake in? Do they …

JILL: In theirs.

DUGGLEBY: So you've underpaid?

JILL: Yeah.

DUGGLEBY: Okay, what's the answer?

JILL: And they're requiring me to pay …

MOORE: A bit more.

JILL: … more than I think I owe.

MOORE: The answer is you can do it online. It's quite easy to do it online. If you've written in relatively recently, I suspect the letter might be sitting in a pile of post somewhere and the Revenue have not processed it yet.

JILL: Well I wrote in at the end of April.

MOORE: Yes, it could well be sitting in a post pile, I fear. But have you tried online? Is it causing you a big problem? Can you not work out …

JILL: Well I can't work out how to do it online for last year.

MOORE: Right.

JILL: This is 2008-9.

MOORE: It is possible to do it. If you're anywhere near a tax enquiry office, you might try going in and getting them to show you on their screen in front of you what's happening there and how to do it.

DUGGLEBY: Time for one more email. This one is from Trina in Kent, Leonie. 'My partner is paying off the previous year's tax arrears at £400 a month, but he's now received another bill for the current coming year of nearly £2,000. There's no way he can pay it at the moment. Is it in order for him to ask the Revenue to carry on paying it off at £400 a month?'

KERSWILL: It's absolutely in order for him to do that and I think that what he needs to do is to keep them informed as to what is happening because the worst thing to do is just build up big arrears and then not be in discussion with the Revenue about it.

DUGGLEBY: So maybe they aren't quite as nasty as we thought then?

MOORE: No, no. They may ask for details of income and expenses though. Be prepared to provide that to show that you can only afford the £400.

DUGGLEBY: And a final, just quick as this is the last programme of the present series. Three quick bits of advice for our new Office of Tax Simplification. Your number one request to John Whiting, Mike?

WHARBURTON: Well I'm going to go for the one that's top of everybody's list who's ever done any self-employed work and that's IR35. It's not even a bit of legislation, it's just the number of a press release, but it's so horrified people that they won't use IR35 again.

DUGGLEBY: Jane, your favourite?

MOORE: I challenge him to have a look at the tax credit system and try and simplify that.

DUGGLEBY: And Leonie?

KERSWILL: Sorry, I was going to say tax credits as well. They're horrible.

DUGGLEBY: Oh right, okay. Two votes for tax credits, one for IR35. Well that's all the calls we have time for on this Money Box Live. It's the last in the present series. My thanks to Mike Warburton, Tax Director at accountants Grant Thornton; Jane Moore, Technical Manager at the Tax Faculty of the Institute of Chartered Accountants; and Leonie Kerswill, partner with PricewaterhouseCoopers. A reminder of our website: bbc.co.uk/moneybox. This time next Wednesday afternoon you can listen to a Money Box Special on savings, and then Alvin Hall will be presenting a series of four programmes on generational money. Money Box Live will be back to take your calls in September.