# NEWSLETTER JULY 2014

## FEE PROTECTION INSURANCE

Fee Protection Insurance is available to the firm's clients via Abbey Tax Protection.

The insurance arrangements cover the professional fees which arise in connection with income tax self assessment full enquiries, corporation tax self assessment full enquiries, corporation tax accounts investigations, employer compliance reviews and HM Revenue & Customs VAT reviews.

Cover is available at the following rates:

| Client Status | Fee per Annum |
|---|---|
| Personal taxation clients | £30.00 |
| Sole traders | £120.00 |
| Partnerships – including personal tax returns | £120.00 |
| Companies – including personal tax returns | £120.00 |

The fees are payable for scheme years commencing 1st September.

Clients at 30th June 2014 have received full details of the scheme. New clients from 1st July 2014 receive details of the scheme prior to the annual renewal on 1st September. Further information regarding the scheme is available to all clients upon request.

## CHANGE OF BANK DETAILS

Please note for clients who pay us electronically there has been a change in our bank details. The details are now:

| | |
|---|---|
| Account number: | 56622333 |
| Sort code: | 01-08-93 |

All other details remain the same.

## SHARED PARENTAL LEAVE

The current system of statutory pay and leave entitlements for employed parents is to be reformed for babies due (or adopted children placed) on or after 5 April 2015. The following guidance in contained in the lengthy Employer Bulletin so we have reproduced it in full.

The Government is reforming the statutory pay and leave entitlements available to employed parents. For babies due on or after 5 April 2015 a new entitlement of Shared Parental Leave (SPL) will replace Additional Paternity Leave and Pay. The parents of babies due on or before 4 April 2015 will continue to be eligible for Additional Paternity Leave and Pay.

SPL gives families greater choice over how they arrange childcare in the first year, by allowing working mothers the option to end their maternity pay and leave early and to share untaken leave and pay with their partner. An adopter will similarly be able to bring their adoption leave and pay to an early end to opt into Shared Parental Pay (ShPP) and Leave.

It is intended to enable fathers to take a greater role in caring for a child, and to help both parents to better balance childcare responsibilities with staying in work. For businesses, this helps them keep their best talent and allows employers to recruit with confidence that their women employees will be less likely to drop out of the workforce when they have children.

### How does it work?

Current entitlement to 52 weeks statutory maternity/adoption leave, 39 of which is paid, and 2 weeks of statutory paternity leave and pay is all unchanged. The first six weeks of Statutory Adoption Pay will increase to 90% of average weekly earnings.

Working parents of a baby due or an adoptive child placed on or after 5 April 2015 may be eligible for SPL and ShPP. Under SPL, mothers/adopters will be able to choose to end their maternity/adoption leave and pay early (at any point from 2 weeks after the birth/placement), and share their untaken pay and leave with their partner. Shared parental leave and pay can be stopped and started and parents can be off at the same time, if they wish.

Parents will be able to take their leave in phases, for example 20 weeks for the mother/adopter, followed by 20 weeks for the father/partner, followed by 10 weeks for the mother/adopter. So it may be the case that statutory parental pay is paid over one or two discontinuous periods. Parents must notify their employers of their plans under SPL 8 weeks before they become eligible for it, and all shared leave and pay must be taken between the birth/placement and the child's first birthday.

**What do employers need to do?**

We expect the first notifications of intention to take SPL to arrive with employers from February 2015. The Government will provide an online form for parents to use. Some employers may wish to create their own requirements for how their employees notify them.

We anticipate that employers will need to update payroll systems where relevant to accommodate providing statutory parental pay to employees taking SPL, and to enable these payments to be paid discontinuously where necessary.

The Government will provide online tools to check eligibility, and publish detailed guidance on the rules around SPL. A key part of SPL is the discussion between employer and employee to agree the phasing of SPL and the return to work, and ACAS will also publish guidance to support this process.'

We will update you when further information is released. Please do get in touch if you would like further guidance on this area.

## PAY YOUR PAYE ON TIME OR FACE IN-YEAR INTEREST ON LATE PAYMENTS

HMRC have issued further guidance on late payment interest on PAYE and CIS payments for 2014/15 onwards and how to avoid it.

HMRC now charges interest on any late PAYE and Construction Industry Scheme (CIS) payments.

To avoid an interest charge employers should pay by the due date, the difference between the following:

- what they report on their Full Payment Submission(s) (FPS) received by the 19th of the month following the end of the tax month it relates to, together with any CIS charges for that tax month
- any deductions reported on an Employer Payment Submission (EPS), again received by the 19th of the month following the end of the tax month it relates to.

Any corrections made to wages reported on an FPS that HMRC receives after the 19th of the month following the end of the tax month it relates to will be included in the following month's charge. In these circumstances, the amount payable for the tax month is the amount actually reported by the 19th (rather than the corrected amount).

**Interest charges**

HMRC will charge interest daily, from the date a payment is due and payable to the date it is paid in full.

## PROPOSED NEW RULES FOR EASIER PROSECUTION OF OFFSHORE TAX EVADERS

The government will consult on plans to introduce a new strict liability criminal offence for individuals who hide their money offshore.

HMRC would no longer need to prove that individuals who have undeclared income offshore intended to evade tax, in order for the offence to be a criminal conviction.

Currently HMRC have to demonstrate that even when someone failed to declare offshore income that the individual intended to evade tax. This change will mean HMRC only has to demonstrate the income was taxable and undeclared meaning it will be easier to secure successful prosecutions of offshore tax evaders.

As well as introducing the new criminal offence, the government will consult on a range of options building on the existing penalties to make sure they act as a clear and effective deterrent.

Chancellor of the Exchequer, George Osborne, said:

*'The government has taken significant steps to clamp down on those hiding their money offshore. HMRC has brought in over £1.5billion over the last two years and, through our leadership at the G8, we have taken significant steps towards greater transparency and tax information sharing.*

*But there can be no let up and we will continue to pursue offshore tax evaders. Those who continue to believe they can hide wealth offshore should know that there is no safe haven and that serious consequences await them.'*

## NEW RULES FOR RETAILERS

From 13 June 2014 retailers who sell to consumers, including those selling digital content, must comply with the Consumer Contracts (Information, Cancellation and Additional Charges) Regulations 2013.

Some of the key rules introduced are:

- consumers will be entitled to clearer and more prominent information before and after a sale is made to them
- if the consumer is buying digital content, they must have more information about such issues as compatibility and functionality and the fact that a digital download may not have a cancellation period must be made clear to the consumer at the point of sale and the consumer must agree to this
- the cancellation period for distance and doorstep sales will be increased from 7 to 14 days
- forbidding the use of premium rate customer telephone helplines.

The Regulations will have an impact on many areas of a business including websites, marketing literature and terms and conditions.

## ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published which took effect from 1 June 2014. HMRC's website states:

*'These rates apply to all journeys on or after 1 June 2014 until further notice. For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.'*

The advisory fuel rates for journeys undertaken on or after 1 June 2014 are:

| **Engine size** | **Petrol** | **LPG** |
|---|---|---|
| 1400cc or less | 14p | 9p |
| 1401cc - 2000cc | 16p | 11p |
| Over 2000cc | 24p | 16p |

| **Engine size** | **Diesel** |
|---|---|
| 1600cc or less | 12p |
| 1601cc - 2000cc | 14p |
| Over 2000cc | 17p |

Please note that not all of the rates have been amended, so care must be taken to apply the correct rate.

Other points to be aware of about the advisory fuel rates:

- Employers do not need a dispensation to use these rates.
- Employees driving employer provided cars are not entitled to use these rates to claim tax relief if employers reimburse them at lower rates. Such claims should be based on the actual costs incurred.
- The advisory rates are not binding where an employer can demonstrate that the cost of business travel in employer provided cars is higher than the guideline mileage rates. The higher cost would need to be agreed with HMRC under a dispensation.

If you would like to discuss your car policy, please contact us.

## HMRC WRITES TO TAXPAYERS ABOUT EFFECTIVE TAX RATES

HMRC is writing to certain taxpayers to tell them their effective rate of tax is lower than average and to ask them to check if it's right.
The letter states:

*'A person's effective rate of tax is the percentage of their income they have paid in tax.'*

*'Looking at the figures in your self assessment tax calculation for the year ended 5 April 2012, we can see your effective rate of tax is lower than the average for people with a similar amount of income to you. This means there could be something wrong with your self assessment tax return.'*

Recipients are then asked to check their returns for 2011/12 and contact HMRC if something is wrong.
There could be many reasons why an individual's effective rate of tax could be low including claims having been made for tax reliefs for Gift Aid payments, pension payments and tax efficient investments such as the Enterprise Investment Scheme.

If you receive one of these letters please do get in touch.

## LATEST EMPLOYMENT AND PAY STATISTICS

The Office for National Statistics has announced the latest employment and pay statistics. These include:

- There were 30.54 million people in work for February to April 2014, 345,000 more than for November 2013 to January 2014 and 780,000 more than a year earlier.
- There were 2.16 million unemployed people for February to April 2014, 161,000 fewer than for November 2013 to January 2014 and 347,000 fewer than a year earlier.
- There were 8.82 million economically inactive people (those out of work but not seeking or available to work) aged from 16 to 64 for February to April 2014. This was 80,000 fewer than for November 2013 to January 2014 and 178,000 fewer than a year earlier.
- Pay including bonuses for employees in Great Britain for February to April 2014 was 0.7% higher than a year earlier, with pay excluding bonuses 0.9% higher.

Neil Carberry, CBI Director for Employment and Skills, said:

*'While there is still lots to do to tackle unemployment, this is an unprecedented rise in the number of people in work. And more than three times as many people found full-time than part-time work in another positive sign for the recovery.'*

*'The private sector is driving new jobs with positions created across a range of sectors, from entertainment to transport.'*

## CHANGE OF APPROACH ON PAYE PENALTY NOTICES

HMRC have announced that they are changing their approach to issuing multiple penalty notices for the same PAYE non filing default.

These changes impact both the 2012/13 and 2013/14 tax years.

HMRC will issue reminder letters to those employers who have not yet filed their 2013/14 end of year, or final PAYE returns most of which should have been submitted using RTI. The deadline for submitting these returns was 19 May 2014.

If you receive a letter and would like any help with payroll or believe the returns have been submitted please do get in touch.

For 2012/13 HMRC will not issue any further updated penalty notices until the return has been filed.

## HMRC WARN OF 'PHISHING' EMAILS

HMRC are warning tax credits claimants to be wary of scam or 'phishing' emails which are being sent out by fraudsters in the run up to the 31 July renewal deadline.

HMRC are advising that although they worked with other agencies to shut down over 600 scam websites during the tax credits renewal period last year, others sites continue to be created. Reported scam emails for this May are already in excess of 11,000.

HMRC advise:

Phishing emails often promise money back and, if the recipient clicks on a link, they are taken to a fake replica of the HMRC website. They are then asked to provide credit or debit card details or other sensitive information such as passwords. The fraudsters then try to take money from their account.

They often ask for the recipient's name, address, date of birth, bank account number, sort code, credit card details, national insurance number, passwords and mother's maiden name.

In addition to money being stolen from victims' bank accounts, their personal details can be sold to criminal gangs, leading to possible identify theft.

Nick Lodge, Director General of Benefits and Credits, HMRC, said:

*'HMRC will never ask people to disclose personal or payment information by email. We are committed to claimants' online security but the methods fraudsters use to get information are constantly changing, so people need to be alert.'*

*'HMRC is asking people to be wary of e-mails with attachments which might contain viruses designed to steal personal or financial information, and not to open them.'*

*'One scam is contained in an email circulated from taxreturn@hmrc.gov.uk telling recipients about a 2013 tax refund report. The email appears to have been issued by "Tax Credit Office Preston", but it is a scam. It includes an attachment that contains a virus. Recipients are urged not to respond and to delete it immediately.'*

## EMPLOYERS WHO FAILED TO PAY NMW NAMED

Twenty five employers who failed to pay their employees the National Minimum Wage (NMW) have been named. According to the press release the employers owed workers more than £43,000 in arrears and in addition have incurred financial penalties totalling over £21,000.

Business Minister Jenny Willott said:

'Paying less than the minimum wage is not only wrong, it's illegal. If employers break the law they need to know that they will face tough consequences.'

If you would like any help with National Minimum Wage issues please do get in touch.

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