

NEWSLETTER MAY 2014

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.

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published to take effect from 1 March 2014. HMRC's website states:

'These rates apply to all journeys on or after 1 March 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 March 2014 are:

Engine size	Petrol	Diesel
1400cc or less	14p	12p
1401cc - 2000cc	16p	14p
Over 2000cc	24p	17p

Engine size	LPG
1600cc or less	9p
1601cc - 2000cc	11p
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.

EMPLOYERS NO LONGER ABLE TO RECLAIM SSP

The Percentage Threshold Scheme (PTS), which allows employers to reclaim Statutory Sick Pay (SSP) in certain circumstances, is abolished from 6 April 2014.

Under PTS employers have been able to reclaim SSP where the SSP paid is more than 13% of the Class 1 NIC due for the month. Employers are not entitled to recover any of the SSP paid to their employees unless they qualify for the reimbursement scheme.

The following example explains how the scheme worked for a tax month:

SSP paid	=	630.00
Gross NI £3,704.29 x 13%	=	481.56
SSP recoverable: (£630 - £481.56)	=	£148.44

From 6 April 2014 employers are unable to recover SSP however they will continue to be able to recover unclaimed SSP for previous years until 5 April 2016. Do contact us if you think this may apply to your business.

The government has announced that the current PTS funding will be moved into a new scheme to help employees who have been incapacitated for four weeks or more get back to work as part of the government's Health Work and Wellbeing Initiative.

MORE GUIDANCE ON CLASS 3A NIC

Further guidance has been issued on Class 3A National insurance contributions (NIC).

In the autumn of 2013 the Government announced plans to introduce a scheme to allow pensioners to top up their Additional State Pension by paying a new class of voluntary National Insurance contribution, to be known as Class 3A.

'The scheme will open in October 2015 and will be available to all pensioners who reach State Pension age before the introduction of the new State Pension in April 2016. The scheme is expected to run for 18 months.'

'Class 3A will give pensioners an option to top up their pension by up to £25 a week in a way that will protect them from inflation and offer protection to surviving spouses. In particular, it could help women, and those who have been self-employed, who tend to have low additional State Pension entitlement.'

MORE HMRC GUIDANCE ON THE EMPLOYMENT ALLOWANCE

The Employment Allowance of up to £2,000 is available to most employers from 6 April 2014. Employers can reduce the amount of National Insurance contributions (NICs) they pay for their employees by up to £2,000. This is called the 'Employment Allowance'.

Employers generally won't have to pay any employer National Insurance contributions at all if they usually pay less than £2,000 a year.

TAX-FREE CHILDCARE

Details of the new Tax-Free Childcare scheme which is to be launched in autumn 2015 have been announced.

The scheme will be worth a maximum of £2,000 per child per year. The maximum amount due is calculated on 20% of the costs of childcare (up to a total of childcare costs of £10,000 per child per year).

The scheme will be launched in autumn 2015. All children under 12 within the first year of the scheme will be eligible. To qualify for Tax-Free Childcare all parents in the household must:

- meet a minimum income level based on working eight hours per week at the National Minimum Wage (around £50 a week at current rates)
- each earn less than £150,000 a year, and
- not already be receiving support through Tax Credits or Universal Credit.

Self-employed parents will be able to get support with childcare costs in the Tax-Free Childcare scheme, unlike the current employer supported childcare scheme. To support newly self-employed parents, the Government is introducing a 'start-up' period. During this period a newly self-employed parent will not have to earn the minimum income level.

The current system of employer supported childcare will continue to be available for current members if they wish to remain in it or they can switch to the new scheme. Employer supported childcare will continue to be open to new joiners until the new scheme is available.

It is proposed that parents register with the Government and open an online account. The scheme will be delivered by HMRC in partnership with National Savings and Investments, the scheme's account provider. The Government will then 'top up' payments into this account at a rate of 20p for every 80p that families pay in.

INCREASE IN NMW RATES

The Government has approved a rise in the National Minimum Wage rates which will come into effect on 1 October 2014:

- a 19p (3%) increase in the adult rate (from £6.31 to £6.50 per hour)
- a 10p (2%) increase in the rate for 18 to 20 year olds (from £5.03 to £5.13 per hour)
- a 7p (2%) increase in the rate for 16 to 17 year olds (from £3.72 to £3.79 per hour)
- a 5p (2%) increase in the rate for apprentices (from £2.68 to £2.73 per hour).

The rise will take effect in October 2014, as Business Secretary Vince Cable has accepted in full the independent Low Pay Commission's recommendations for 2014, including plans for bigger increases in future than in recent years.

The Low Pay Commission (LPC) has said the rise, the first real terms cash increase since 2008, is manageable for employers and will support full employment.

Business Secretary Vince Cable said:

'The recommendations I have accepted today (12 March 2014) mean that low paid workers will enjoy the biggest cash increase in their take home pay since 2008. This will benefit over 1 million workers on National Minimum Wage and marks the start of a welcome new phase in minimum wage policy.'

ADVISORY FUEL RATES FOR COMPANY CARS AND FUEL BENEFIT CHARGE

Where private fuel is provided by the employer for a company car then a separate benefit is assessable on the employee. This benefit charge is calculated by applying the same percentage figure used to calculate the company car benefit to a fixed figure which for 2014/15 is set at £21,700. The percentage is linked to the car's CO2 emission figures.

Now is a good time to consider whether this benefit is value for money for both the employee and employer.

The alternative is to reimburse the employee for business miles using the company car advisory fuel rates. The current rates are:

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1401cc - 2000cc	16p	11p
Over 2000cc	24p	17p

Engine size	Diesel
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