

NEWSLETTER NOVEMBER 2014

RTI PENALTIES FOR SMALL EMPLOYERS DELAYED

HMRC have confirmed that employers with fewer than 50 employees will face automated in-year penalties for late real-time PAYE returns from 6 March 2015 which is later than had originally been anticipated. Those who employ 50 or more people will face penalties from 6 October 2014. HMRC will send electronic messages to all employers shortly to let them know when the penalties will apply to them, based on the number of employees shown in the department's records.

Level of penalties

For the purposes above, an employer who, during a tax month, fails to make a return on or before the filing date will be liable to a penalty as follows:

- 1-9 employees - £100
- 10-49 employees - £200
- 50-249 employees - £300 and
- 250 or more employees - £400.

VAT FOR DIGITAL BUSINESSES AND THE MINI ONE STOP SHOP

The one-stop VAT service starts from 1 January 2015 for businesses supplying what are collectively known as 'digital services' in the EU. The effect of the measures are that a business will not have to account and pay VAT separately in each country where they do business which would otherwise be the case following a change in the place of supply rule.

Digital services essentially means broadcasting, telecoms and e-services including those selling apps, e-books, streaming services (e.g. sports/film/tv/music), dating services and journals, newspapers and magazines that are subscribed to electronically and smartphone games.

Change of place of supply

From 1 January 2015 the place of supply for VAT purposes for a EU business selling digital services will change. Currently, intra-EU supplies of digital services to non-business customers are subject to VAT in the member state where the supplier belongs.

From 1 January 2015 this changes, so that the VAT is due where the customer who receives the service lives or is located. This will ensure that UK consumers of these services will pay UK VAT no matter where the supplier of those services belongs.

In order that UK businesses supplying digital services do not have to register for VAT in every EU member state where they have customers, an optional VAT 'Mini One Stop Shop' (MOSS) online service has been set up by HMRC. Other EU member states will be building their own systems.

NATIONAL MINIMUM WAGE RISES

The National Minimum Wage (NMW) is a minimum amount per hour that most workers in the UK are entitled to be paid. NMW rates increases come into effect on 1 October 2014:

- the main rate for workers aged 21 and over will increase to £6.50 (currently £6.31)

- the 18-20 rate will increase to £5.13 from £5.03
- the 16-17 rate for workers above school leaving age but under 18 will increase to £3.79 from £3.72
- the apprentice rate will increase from £2.68 to £2.73 per hour.

It is important to note that these rates, which are in force from 1 October 2014, apply to pay reference periods beginning on or after that date.

Penalties

Penalties may be levied on employers where HMRC believe underpayments have occurred and HMRC now have the power to ‘name and shame’ non-compliant employers.

Most workers in the UK over school leaving age are entitled to be paid at least the NMW for details of exceptions see the Acas website.

If you have any queries on the NMW please do get in touch.

FUEL ADVISORY RATES

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

‘These rates apply to all journeys on or after 1 September 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 September 2014 are:

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

Engine size	LPG
1400cc or less	9p
1401cc - 2000cc	11p
Over 2000cc	16p

Engine size	Diesel
1600cc or less	11p
1601cc - 2000cc	13p
Over 2000cc	17p

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

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

- 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.

AUTUMN STATEMENT DATE ANNOUNCED AND HAVE YOUR SAY

The government has announced that the Autumn Statement 2014 will take place on 3 December.

MIS-SOLD INTEREST RATE HEDGING PRODUCTS

Following a review of the way some banks sold Interest Rate Hedging Products (IRHP), some businesses are entitled to redress payments. These redress payments are now starting to be made to those businesses which were affected.

Mis-sold interest hedging products (IRHP)

The Financial Conduct Authority (FCA) has identified failings in the way some banks sold IRHP to businesses taking out business loans, which were intended to offer protection against rising interest rates.

The banks calculate the amount due which can be made up of three elements:

basic redress - represents the difference between the actual payments made and the payments that would have been made without the product
compensatory interest - at 8% per year and consequential losses - losses suffered due to not having the use of the money.

If you do receive a redress payment please let us have the paperwork so we can review the position. There are certain circumstances where the tax treatment of the payment will be different so please do contact us so we can investigate the position and ensure the correct accounting and tax treatment.

UK BROADBAND VOUCHER SCHEME OVERHAULED

Businesses are being urged to take advantage of a scheme to get faster, cheaper broadband. The government is overhauling its plans for getting ultra-fast broadband to UK businesses after disappointing take-up of its current scheme.

As reported by the BBC only £7.5m out of a possible £100m has so far been spent, with just 3,000 businesses taking up vouchers. As reported by the BBC:

'Initially the government had expressed hope of reaching 200,000 small businesses.

With a March 2015 deadline for the money to be spent, the government is keen to galvanise interest.

Changes aimed at making it easier to get the money include a redesigned website and a more streamlined process of applying for a grant.

Other changes include:

- *Qualifying businesses no longer need to fill in an application form but can access the government grant with a call to a pre-approved broadband supplier*
- *Businesses that already have a different supplier in mind need only to fill in a form to get their quote approved*

- *Suppliers can also apply to BDUK (the group overseeing the process) with a set of eligible connection costs, cutting the need for businesses to apply at all*
- *Once a broadband package has been approved, suppliers can market them to eligible businesses with no more need for forms or rubber-stamping.'*

As reported by the BBC, Sajid Javid, Secretary of State for Culture, Media and Sport said:

'This is a golden opportunity for businesses to take advantage of better broadband. The grant takes away the costs of installation, which are normally charged up front or added to monthly charges.'

LATEST LABOUR MARKET EMPLOYMENT FIGURES
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The Office for National Statistics has announced that the latest statistics, based on the period May to July 2014, show that employment continued to rise and unemployment continued to fall.

According to the ONS:

'There were 30.61 million people in work. This was 74,000 more than for February to April 2014, the smallest quarterly increase since April to June 2013.

Comparing May to July 2014 with a year earlier, there were 774,000 more people in work.

The proportion of people aged from 16 to 64 in work (the employment rate), was 73.0%, slightly higher than for February to April 2014 (72.9%) and higher than for a year earlier (71.6%).

There were 2.02 million unemployed people, 146,000 fewer than for February to April 2014 and 468,000 fewer than a year earlier.'

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

'The fact that unemployment is lower now than at any time since late 2008 is good news. There is more to do, but it's clear that our growing economy is feeding through to new jobs.

Jobs growth is coming from the private sector, more than making up for public sector job losses, and more young people are finding their feet in our labour market.

With unemployment dropping, and wage settlements in larger firms starting to pick up, we expect to see average earnings growth begin to rise in time.'

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