

## NEWSLETTER JULY 2013

### 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:

<b>Client Status</b>	<b>Fee per Annum</b>
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 10<sup>th</sup> July 2013 have received full details of the scheme. New clients from 11<sup>th</sup> July 2013 receive details of the scheme prior to the annual renewal on 1<sup>st</sup> September. Further information regarding the scheme is available to all clients upon request.

### REAL TIME INFORMATION AND PAYING HMRC

HMRC are reminding employers that they need to pay their PAYE liabilities 'on time and in full' although they are mindful that employers are still getting used to reporting under RTI.

The due dates for payment remain unchanged. Cheque payments therefore need to be received by the 19th of the month following the end of the tax month of deduction and cleared electronic payments by the 22nd.

Under RTI HMRC are aware of the amount of PAYE payment due as this is the:

- total amount shown on the Full Payment Submission(s) (FPS) for a tax month, including any corrections or adjustments submitted on or before the 19th of the following month
- less the amount shown on any Employer Payment Summary (EPS), also submitted on or before the 19th of the following month.

Where amended or additional EPS or FPS returns are made after the 19th of the month these will be reflected in the payment due for the following period.

HMRC also advise that employers should also use an EPS to tell them that there is no FPS to send (where no employees have been paid in the month) as, without it, HMRC will estimate what they believe is due and expect the employer to pay it in full. This estimate is known as the 'specified charge'.

A specified charge will be issued for each month that the employer fails to report. A specified charge does not replace the need for an employer to send a FPS, as this still needs to be sent to report the actual deductions the employer has made.

Where an employer submits an FPS or EPS within seven days of the specified charge, these submissions will overwrite the specified charge. This means that an employer can pay the reported amount rather than the specified charge.

Employers can check their 2013/14 PAYE payment position by using the online PAYE Liabilities & Payments Viewer to confirm the real time submissions that HMRC have received and to check what is owed and been paid. This viewer will also include any specified charges.

Please do get in touch if you have any queries on payroll issues.

### ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published to take effect from 1 June 2013. HMRC's website states:

*'These rates apply to all journeys on or after 1 June 2013 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 2013 are:

Engine size	Petrol	LPG
1400cc or less	15p	10p
1401cc - 2000cc	17p (18p)	12p
Over 2000cc	25p (26p)	18p

Engine size	Diesel
1600cc or less	12p (13p)
1601cc - 2000cc	14p (15p)
Over 2000cc	18p

Please note that not all of the rates have been amended, so care must be taken to apply the correct rate. The amounts for the previous quarter are shown in brackets where the rate has been amended.

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.

### LATEST EMPLOYMENT AND PAY STATISTICS

The Office for National Statistics has announced the latest official labour market statistics. These are as follows:

- *The employment rate for those aged from 16 to 64 for February to April 2013 was 71.5%, down 0.1% from November 2012 to January 2013. There were 29.76 million people in employment aged 16 and over, up 24,000 from November 2012 to January 2013.*
- *The unemployment rate for February to April 2013 was 7.8% of the economically active population, unchanged from November 2012 to January 2013. There were 2.51 million unemployed people, down 5,000 from November 2012 to January 2013.*
- *The inactivity rate for those aged from 16 to 64 for February to April 2013 was 22.4%, up 0.1% from November 2012 to January 2013. There were 8.99 million economically inactive people aged from 16 to 64, up 40,000 from November 2012 to January 2013.*
- *Between February to April 2012 and February to April 2013 total pay rose by 1.3% and regular pay rose by 0.9%.*

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

*'It's encouraging to see businesses feel able to pay people a little more through one-off bonuses, as economic conditions appear to have brightened. The use of bonuses rather than base pay awards suggests firms are still being cautious.'*

*'The labour market always lags a few months behind the economy, so it's not surprising that overall, the picture on unemployment remains fairly flat.'*

*'However, we expect to see improving economic conditions making a more positive impact on job creation later this year and it's encouraging that once again the private sector more than offset the number of positions lost in the public sector during the first quarter.'*

### NEW 0300 HELPLINE NUMBERS

HMRC have introduced new phone numbers for VAT, National Insurance, income tax and self assessment.

For most people the new numbers will reduce the cost of calling these helplines. The numbers are set out below for your information:

#### VAT

Line	Old Number	New Number
VAT Enquiries	0845 010 9000	0300 200 3700
VAT Online Services Helpdesk	0845 010 8500	0300 200 3701
VAT, Customs & Excise Welsh Language Line	0845 010 0300	0300 200 3705

For those with hearing or speech impairments, the new textphone number for both VAT Enquiries and VAT Online Services Helpdesk changes from 0845 010 8500 to 0300 200 3719.

#### National Insurance

Line	Old Number	New Number
National Insurance enquiries for employees and individuals	0845 302 1479	0300 200 3500
National Insurance registrations	0845 915 7006	0300 200 3502
National Insurance deficiency enquiries	0845 915 5996	0300 200 3503
Newly Self-Employed Helpline	0845 915 4515	0300 200 3504
National Insurance enquiries for the self-employed	0845 915 4655	0300 200 3505
National insurance enquiries for non-UK residents	0845 915 4811	0300 200 3506
Contracted Out Pensions enquiries	0845 915 0150	0300 200 3507

#### Income Tax and Self Assessment

Line	Old Number	New Number
Income Tax enquiries for individuals, pensioners and employees	0845 300 0627	0300 200 3300
Agent Dedicated Line	0845 366 7855	0300 200 3311
Tax back on bank and building society interest: Savings Helpline	0845 980 0645	0300 200 3312
The National Claims Office	0845 366 7850	0300 200 3313
Self Assessment textphone service	0845 302 1408	0300 200 3319

HMRC have confirmed that taxpayers may still use the 0845 numbers for about the next 18 months.

Other 0845 numbers will change in the coming months as part of a rolling program to give taxpayers cheaper access to HMRC helplines.

## STATUTORY RESIDENCE INDICATOR

From 6 April 2013 the rules that determine whether an individual is resident in the UK for tax purposes have changed. These rules are known as the Statutory Residence Test (SRT).

For the majority of individuals determining whether or not they are resident in the UK for tax purposes is quite straightforward and under the test their position will not change. However for those with complex circumstances the SRT will provide more certainty about their residence status.

Residence is a complex area and we would be happy to discuss your position with you in more detail.

## HMRC GATHER EXTRA £220M FROM HIGH NET WORTH INDIVIDUALS

HMRC have announced that their High Net Worth Unit, which deals with the tax affairs of 5,800 people with assets in excess of £20m, increased its yield from tax enquiries by 10% in 2012/13 to £220m.

Exchequer Secretary to the Treasury, David Gauke, said:

*'HMRC's High Net Worth Unit provides the specialist attention they require in ensuring the wealthy pay the tax they owe. This Government has reinvested almost £1 billion in HMRC and expects them to deliver almost £22 billion in 2014/15.'*

*'Since 2010, the unit has raised £582 million, increasing its revenue year on year which, at a time when the Government is focused on reducing the deficit, is delivering real results for the country.'*

## NEW EMPLOYEE SHAREHOLDERS STATUS FINALLY LAW

After much debate the Growth and Infrastructure Act is now law.

One of the clauses contained within the Act introduces a new employee shareholder employment status, under which an employee or new recruit can agree to trade certain employment rights for shares in the company.

The House of Lords finally accepted the clause after the government made a number of concessions. One new requirement is that an offer being made under the new contract contains details of the rights being sacrificed and that the individual receives independent legal advice which will be paid for by the employer.

## THE QUEEN HAS ANNOUNCED THE LEGISLATIVE PROGRAMME

The Queen's Speech set out the government's legislative programme for the 2013/14 Parliamentary session including confirmation that the government plans to introduce an annual £2,000 National Insurance rebate for employers from April 2014.

John Cridland, the CBI Director-General, said:

*'Business does not need a raft of new bills at this stage of a Parliament. You cannot legislate your way to economic growth – laws are only ever one piece of the jigsaw.'*

*'The surprise £2,000 National Insurance rebate in the Budget will give smaller firms the confidence to take on extra staff.'*

*'Extending the General Anti Avoidance Rule is sensible. No one can condone abusive avoidance schemes which serve no commercial purpose other than the minimisation of tax - even if they are legal.'*

## TAX CREDITS RENEWALS AND SCAM EMAILS

Tax credit customers are being reminded by HMRC that they must renew claims by the 31 July deadline or their payments may stop.

Tax credits claimants are also being warned to be vigilant as last year the renewals process triggered more than 22,000 scam or 'phishing' emails being sent out by fraudsters in the run up to the renewal deadline.

These emails often advise that an amount of money is due to the claimant and, if they click 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.

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

*'HMRC will never ask you to disclose personal or payment information by email. We are committed to your online security but the methods fraudsters use to obtain information are constantly changing, so you need to be alert. Anyone who receives this type of email should send it to phishing@hmrc.gsi.gov.uk.'*

Tax credits are state benefits which are generally available to lower income families. However, entitlement to the credits is significantly increased where individuals pay for childcare or suffer a drop in normal levels of income perhaps due to incurring trading losses or redundancy.

Individuals who have already claimed tax credits for 2012/13 have to finalise their provisional award, which would have originally been based on their 2011/12 income, and let HMRC know of any changes in their circumstances for 2013/14. This procedure is known as the renewals process and renewals packs should be issued to claimants between 19 April and 28 June 2013. The deadline for the submission of tax credit renewals is generally 31 July 2013.

Claimants need to be aware that the payment of tax credits will stop at the end of July if they have not renewed their applications by that date.

If you need any advice on tax or universal credits please do get in touch.

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<sup>i</sup> *The articles in this newsletter are of necessity summaries of the topics covered. The publisher has taken all due care in the preparation of this publication. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or the publishers. The publisher accepts no responsibility for the content of any material provided by third parties or for the content of any hypertext site referred to in this publication. The Publisher accepts no responsibility for the content of any website of other document referred to in this publication.*