

## NEWSLETTER MAY 2012

### ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published to take effect from 1 March 2012. HMRC's website states:

*'These rates apply to all journeys on or after 1 March 2012 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 2012 are:

Engine size	Petrol	Diesel	LPG
1400cc or less	15p		10p
1401cc - 2000cc	18p		12p
Over 2000cc	26p		18p
1600cc or less		13p *	
1601cc - 2000cc		15p	
Over 2000cc		19p *	

Please note that only two of the diesel rates have changed. These two rates marked \* have both increased by one pence per mile.

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.

### UPDATED GUIDANCE ON GIFT AND NEW DECLARATIONS

HMRC have updated their guidance on Gift Aid declarations and provided new model declarations. They have also developed a new checklist of the minimum information to be included in a declaration if a charity decides to create and use its own declaration form.

### NATIONAL MINIMUM WAGE RATES

The government has accepted the Low Pay Commission's recommendations for National Minimum Wage rates from 1 October 2012.

From 1 October 2012:

- the adult minimum wage rate will increase from £6.08 to £6.19 an hour
- the youth development rate will remain at £4.98 an hour
- the 16-17 year old rate will remain at £3.68 an hour and
- the apprentice rate will increase from £2.60 to £2.65 an hour.

The Chair of the Low Pay Commission David Norgrove said:

*'Our recommendations this year are, as ever, based on extensive economic evidence and take account of the prospects for the UK economy. Although the economy is forecast to grow through 2012 and 2013, the expected pace of growth is uncertain and is likely to be low. We believe our recommendations for October 2012 balance the needs of low-paid workers against the challenges facing businesses, particularly small businesses.'*

#### NATIONAL LOAN GUARANTEE SCHEME

The Chancellor George Osborne has launched the National Loan Guarantee Scheme (NLGS), which is designed to help 'smaller businesses' across the UK access cheaper finance. The loans will be available to businesses with an annual group turnover of up to £50 million.

According to the press release:

*'The government is using the UK's budget credibility in financial markets to provide up to £20 billion of government guarantees on unsecured borrowing by banks, enabling them to borrow at a cheaper rate. Around £5 billion in guarantees will be made available in the first tranche.'*

Businesses that take out an NLGS loan will receive a discount of 1% compared to the interest rate that they would otherwise have received from that bank outside the scheme.

George Osborne said:

*'The government promised to help small businesses get access to lower interest rates. Today, we deliver on that promise with a nationwide scheme. It's only because we've earned credibility with our deficit reduction plan that we have low interest rates, and it's only because of this scheme that we can pass the benefits of those low rates onto businesses.'*

#### RISING EMPLOYMENT STATISTICS

According to the latest statistics issued by the Office of National Statistics:

*'The unemployment rate was 8.3% of the economically active population, down 0.1 on the quarter. There were 2.65 million unemployed people, down 35,000 on the quarter. This is the first quarterly fall in unemployment since the three months to May 2011.'*

Dr Neil Bentley, CBI Deputy Director-General, said:

*'It's good news that 53,000 more people are in work now than three months ago, which shows that the private sector is gradually regaining confidence to hire.'*

*'While this is the best jobs news we've had in a year, the Government must step up its welfare reform programme. Worryingly, over a third of those unemployed have been out of work for more than 12 months.'*

*'With youth jobless numbers still stubbornly high, helping young people find jobs must remain a joint priority for businesses and government.'*

#### OUTSTANDING SELF ASSESSMENT TAX RETURNS

HMRC are urging anyone who has still not completed their 2010/11 self assessment tax return to send it online before the end of April, or be charged daily penalties from 1 May.

Anyone whose return is more than three months late will be charged a further £10 penalty for each day it remains outstanding, up to a maximum of 90 days. This penalty is in addition to the £100 late filing penalty they have already received.

HMRC are advising that if an individual receives a late filing penalty but does not think that they need to complete a return, they should call HMRC on 0845 900 0444. Alternatively contact us so that we can help, as it may be possible to cancel the penalty if HMRC agree that the return is not due.

HMRC's Stephen Banyard said:

*'We want the returns and not penalties. So, if you haven't sent us your 2010/11 return, you need to do one of two things urgently – either send it online by 30 April, or call us if you think you shouldn't have to complete one.'*

## VAT ON HOT FOOD

HMRC are consulting on changing the rules on hot takeaway food to ensure that all food (with the exception of freshly baked bread) that is above ambient air temperature when provided to the customer is standard rated.

Currently the rules are complex as if food is hot because it has just been cooked, such as freshly baked pies or roasted chicken, these items may in certain circumstances be zero rated for VAT purposes.

We will let you know the outcome of the consultation.

i

---

***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.***