

NEWSLETTER JULY 2017

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 31st August 2016 have received full details of the scheme. New clients from 1st September 2016 will 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.

TAX-FREE CHILDCARE AND CHILDCARE OPTIONS

Tax-Free Childcare, the new government scheme to help working parents with the cost of childcare launched at the end of April and is being rolled out to parents, starting with those parents with the youngest children first.

For every £8 a parent pays in, the government will pay in an extra £2. Parents can receive up to £2,000 per child, per year, towards their childcare costs making a total amount of £10,000. Higher limits of £4,000 and £20,000 apply for disabled children.

To qualify for Tax-Free Childcare parents and partners in the household must generally meet a minimum income level of on average £120 a week and each earn less than £100,000 a year.

The scheme will be available for children up to the age of 12, or 17 for children with disabilities. All eligible parents will be able to join the scheme by the end of 2017. Those eligible will be able to apply for all their children at the same time although the government rollout will start with the youngest children first. Parents will need to open an online account, which they can use to pay for childcare from a registered provider.

For those employers who currently offer Employer Supported Childcare, usually in the form of childcare vouchers, these schemes can remain open to new entrants until April 2018. Existing members have the option to remain in their existing scheme or change over to Tax-Free childcare as their child becomes eligible. It is not possible to benefit from tax-free childcare and employer supported childcare at the same time.

A calculator for parents comparing the options and guidance on the other government provided free childcare available are available on GOV.UK.

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published which took effect from 1 June 2017. The guidance states: *'You can use the previous rates for up to one month from the date the new rates apply'*. The rates only apply to employees using a company car.

The advisory fuel rates for journeys undertaken on or after 1 June 2017 are:

Engine size	Petrol
1400cc or less	11p
1401cc - 2000cc	14p
Over 2000cc	21p
Engine size	LPG
1400cc or less	7p
1401cc - 2000cc	9p
Over 2000cc	14p
Engine size	Diesel
1600cc or less	9p
1601cc - 2000cc	11p
Over 2000cc	13p

The [guidance](#) states that the rates only apply when you either:

- reimburse employees for business travel in their company cars
- require employees to repay the cost of fuel used for private travel

You must not use these rates in any other circumstances.

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

GUIDANCE PROTECTS AGAINST "RANSOMWARE" ATTACKS

The National Cyber Security Council (NCSC) has published guidance for small businesses about how they can prevent, detect and respond to ransomware attacks following the widespread 'WannaCry' ransomware attack in early May.

Further guidance has been produced by the Charity Commission for England and Wales for charity trustees on this issue.

TPR NAME AND SHAME THOSE WHO FAIL WHO COMPLY

The latest Compliance and Enforcement Bulletin from the Pensions Regulator (TPR) makes interesting reading as it sets out cases and the powers TPR have used relating to automatic enrolment and associated employer duties.

TPR are warning employers that ignoring TPR penalties could seriously damage a business' reputation.

TPR are maintaining a tough approach towards those employers who try to get away with not giving their staff the pension that they are due. The latest development is to publish details of those who have paid their Escalating Penalty Notice (EPN) but remain non-compliant. We will also publish the details of those who failed to pay their EPN, and as a result have been made subject to a court order.

The details published will include the employer's name, the penalty amount, and the first part of their postcode.

RISING EMPLOYMENT STATISTICS

The Office for National Statistics has published the latest employment statistics which reveal:

- Estimates from the Labour Force Survey show that, between October to December 2016 and January to March 2017, the number of people in work increased, the number of unemployed people fell, and the number of people aged from 16 to 64 not working and not seeking or available to work (economically inactive) also fell.
- There were 31.95 million people in work, 122,000 more than for October to December 2016 and 381,000 more than for a year earlier.
- The employment rate (the proportion of people aged from 16 to 64 who were in work) was 74.8%, the highest since comparable records began in 1971.
- There were 1.54 million unemployed people (people not in work but seeking and available to work), 53,000 fewer than for October to December 2016 and 152,000 fewer than for a year earlier.
- The unemployment rate (the proportion of those in work plus those unemployed, that were unemployed) was 4.6%, down from 5.1% for a year earlier and the lowest since 1975.
- There were 8.83 million people aged from 16 to 64 who were economically inactive (not working and not seeking or available to work), 40,000 fewer than for October to December 2016 and 82,000 fewer than for a year earlier.
- The inactivity rate (the proportion of people aged from 16 to 64 who were economically inactive) was 21.5%, down from 21.8% for a year earlier and the joint lowest since comparable records began in 1971.
- Latest estimates show that average weekly earnings for employees in Great Britain in nominal terms (that is, not adjusted for price inflation) increased by 2.4% including bonuses, and by 2.1% excluding bonuses, compared with a year earlier.
- Latest estimates show that average weekly earnings for employees in Great Britain in real terms (that is, adjusted for price inflation) increased by 0.1% including bonuses, but fell by 0.2% excluding bonuses, compared with a year earlier.'

Responding to the latest data, Alpesh Paleja, CBI Principal Economist, said:

'Rising employment continues to reinforce the importance of the UK's flexible labour market.'

'However, weakening productivity and slower pay growth, coupled with rising inflation, will continue to squeeze real household earnings.'

'Therefore maintaining the UK's reputation as a great place to do business, for example by increasing R&D spend to 3% of GDP by 2025, will help boost the UK's productivity. This is the only sustainable route to higher wages, and better living standards.'

QUEEN'S SPEECH AND PROPOSED LEGISLATION

The Queen delivered the 2017 Queen's Speech on 21 June which set out the government's agenda for the coming parliamentary session. The speech outlined the government's proposed policies and legislation.

This Queen's speech announced that the government will focus on:

- delivering a Brexit deal that works for all parts of the United Kingdom and
- building a stronger, fairer country by strengthening our economy, tackling injustice and promoting opportunity and aspiration.

The supporting documentation confirms 27 Bills and draft Bills which are expected to be in the legislative programme, which will deliver on these themes. Details of the Bills that the government propose to introduce are available via the links at the end of this article.

The Speech and supporting documentation make little reference to delayed tax measures which were put on hold prior to the Election or the progress of the legislation on Making Tax Digital for Business. The reference to tax legislation states:

'The programme will also include three Finance Bills to implement budget decisions. Summer Finance Bill 2017 will include a range of tax measures including those to tackle avoidance. The programme will also include a technical Bill to ratify several minor EU agreements and further Bills, which will be announced in due course, to effect the UK's withdrawal from the EU. The government will also be taking forward a range of other measures which may not require primary legislation.'

We will update you on developments.

SIMPLIFYING CORPORATION TAX

The Office for Tax Simplification has published their recommendations on simplifying the corporation tax computation.

This report sets out some significant steps towards creating a 21st-century corporation tax system in the UK, responding to calls from businesses of all sizes to make the calculation of corporation tax simpler, with fewer changes and more time to plan. The report looks at four broad themes:

- simpler tax for smaller companies
- aligning the tax rules more closely with accounting rules where appropriate
- simplifying tax relief for capital investment
- a range of further issues affecting the largest companies.

We will keep you informed of developments in this area.

LAND TRANSACTION TAX

From April 2018, Land Transaction Tax (LTT) will replace Stamp Duty Land Tax (SDLT) in Wales. Land and Buildings Transaction Tax (LBTT) already applies in Scotland.

Like SDLT (and LBTT), LTT will generally be payable on the purchase or lease of a building or land. The new tax may therefore be relevant to house buyers and sellers and businesses including builders, property developers and agents involved in the transaction process (such as solicitors and conveyancers).

Rates of the new tax

The proposed tax rates and bands will be announced by October 2017.

Additional residential properties

Higher rates of SDLT and LBTT apply to purchases of additional residential properties, including second homes. The National Assembly for Wales has confirmed these increased rates will continue to apply in Wales under LTT.

LATEST GUIDANCE FOR EMPLOYERS

HMRC have issued the latest version of the Employer Bulletin. This edition has articles on a number of issues including:

- P11D and P11D(b) filing and payment deadlines
- Paying the right amount of tax through PAYE
- Construction industry scheme repayment claims for limited companies
- The Apprenticeship Levy and funding of apprenticeship training
- Tax-free childcare rollout including guidance on dealing with employee opt outs of current childcare voucher schemes
- Student Loan employer prompts where deductions have not been made
- GCSEs in England - new grading system explained for employers.

If you have any queries on payroll matters please contact us.

ICO WARNING AS BUSINESS FINED £60,000 FOLLOWING CYBER ATTACK

The Information Commissioner's Office (ICO) is warning SMEs to take care or face a fine. The warning comes after a company which suffered a cyber attack was fined £60,000.

The investigation by the ICO found Boomerang Video Ltd based in Berkshire failed to take basic steps to stop its website being attacked.

Sally Anne Poole, ICO enforcement manager, said:

'Regardless of your size, if you are a business that handles personal information then data protection laws apply to you.'
'If a company is subject to a cyber attack and we find they haven't taken steps to protect people's personal information in line with the law, they could face a fine from the ICO. And under the new General Data Protection Legislation (GDPR) coming into force next year, those fines could be a lot higher.'

'Boomerang Video failed to take basic steps to protect its customers' information from cyber attackers. Had it done so, it could have prevented this attack and protected the personal details of more than 26,000 of its customers.'

Further details of the case can be found using the links below together with guidance on data protection issues including guidance on the new General Data Protection Regulations which come into effect on 25 May 2018.

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