NEWSLETTER FEBRUARY 2018

BUSINESS RATES

Business rates have been devolved to Scotland, Northern Ireland and Wales. The business rates revaluation took effect in England from April 2017 and resulted in significant changes to the amount of rates that businesses will pay. In light of the recent rise in inflation, the government will provide further support to businesses including:

- bringing forward the planned switch in indexation from RPI to CPI to 1 April 2018
- legislating retrospectively to address the so-called ‘staircase tax’. Affected businesses will be able to ask the Valuation Office Agency to recalculate valuations so that bills are based on previous practice backdated to April 2010.

For advice on how the Autumn Budget announcements will affect you and your business contact us.

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published which took effect from 1 December 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 December 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

HMRC 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.

DELAY TO ROLL OUT OF TAX FREE CHILDCARE

The government have announced a delay to the roll out of tax free childcare which was expected to be fully implemented by the end of the year. From 24 November 2017 the service is available to parents whose youngest child is under 6 or who has their 6th birthday on that day. Parents can apply online through the childcare service which can be accessed via the Childcare Choices website.

In April 2017, HMRC started rolling out the childcare service via a single website through which parents can apply for both 30 hours free childcare and Tax-Free Childcare. The roll out started with parents of the youngest children first. HMRC acknowledge that over the summer some parents didn't receive the intended level of service when using the website and that they have subsequently made significant improvements. For those parents who have had difficulties in accessing the service, compensation may be available: see childcare service compensation.

Over the coming months, HMRC will gradually open the childcare service to parents of older children, whilst continuing to make further improvements to the system. HMRC hope this strategy of managing the volume of applications will result in prompt eligibility responses when parents apply, with '*almost all parents receiving a response within five working days, and most getting their decision instantly'*.

All eligible parents will be able to apply by the end of March 2018. Parents will be able to apply for all their children at the same time, when their youngest child becomes eligible.

Tax-Free Childcare is the new government scheme to help working parents, both employed and self employed, with the cost of childcare. 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 eventually be available for children up to the age of 12, or 17 for children with disabilities. Those eligible will be able to apply for all their children at the same time.

Employer Supported Childcare, usually by way of childcare vouchers, will remain open to new entrants until April 2018 to support the transition between the schemes and it will continue to be available for current members if they wish to remain in it or they can switch to the new scheme. It is not possible to benefit from both Employer Supported Childcare and Tax Free Childcare at the same time.

DELAY IN THE ABOLITION OF CLASS 2 NIC

The government has announced that it will introduce legislation, to abolish Class 2 national insurance contributions (NIC) and to make further proposed NIC changes in 2018.

The measures the legislation will implement, will now take effect one year later than previously announced, from April 2019. These measures include the abolition of Class 2 NIC paid by self employed individuals, reforms to the Class 1A NIC treatment of termination payments (the £30,000 rule) and changes to the NICs treatment of sporting testimonials.

On 2 November 2017 the Government announced a one year delay to the abolition of Class 2 NICs. Class 2 NICs will now be abolished from 6 April 2019 rather than 6 April 2018.

The government have stated that 'the *delay will allow time for the government to engage with interested parties and Parliamentarians with concerns relating to the impact of the abolition of Class 2 NICs on self-employed individuals with low profits'.*

PROPOSALS TO EXTEND PENSIONS AUTO ENROLMENT TO YOUNGER WORKERS

The government has announced proposals to extend pensions auto enrolment to include younger workers and to amend the way in which contributions are calculated.

According to the press release:

'*The review's recommendations, which will now be progressed and legislated for where necessary, will see:*

- *automatic enrolment duties continuing to apply to all employers, regardless of sector and size*

- *young people, from 18 years old, benefiting from automatic enrolment, introducing 900,000 young people into saving an additional £800 million through a workplace pension*
- *workplace pension contributions calculated from the first pound earned, rather than from a lower earnings limit – this will bring an extra £2.6 billion into pension saving, improving incentives for people in multiple jobs to opt-in, and simplifying the way employers assess their workforces and calculate contributions*
- *the earnings trigger remaining at £10,000 for 2018/19, subject to annual reviews*
- *contribution levels reviewed after the implementation of the 8% contribution rate in 2019*
- *the government testing a series of 'targeted interventions' – including through opportunities to work with organisations who act as 'touch points' for the 4.8 million self-employed people, such as banks and those who contract labour – to explore how technology can be used to increase their pension saving.'*

Under auto enrolment, employers are required to automatically enrol all eligible workers (generally employees) into a workplace pension scheme and pay a minimum contribution into their pension. Employees do, however, have the right to opt out of auto enrolment.

Currently workers who are aged between 22 and the State Pension Age with earnings of £10,000 per annum are eligible to be auto enrolled. Younger employees and those who do not meet the minimum income requirement can opt to make pension contributions.

The government plan to reduce the lower age limit to 18 by the mid 2020s, in order to encourage younger workers to get into *'the habit of saving'*.

David Gaulke, Work and Pensions Secretary said:

'We are committed to enabling more people to save while they are working, so that they can enjoy greater financial security when they retire. We know the world of work is changing, so it is only right that pension saving does too. This ambitious package will see more people than ever before helped onto the path towards building a secure retirement.'

Mike Cherry, National Chairman of the Federation of Small Businesses (FSB), stated:

'Requiring employers to contribute from the first pound of earnings will mean that, by 2019, hundreds of thousands of small employers will have to pay up to £180 more per employee each year. 'For employers in certain sectors, such as care and hospitality where margins are tight, this will really add up.'

Contact us if you would like help with payroll and auto enrolment.

PAYING HMRC? NOT AT THE POST OFFICE OR BY CREDIT CARD

With many individuals having tax payments it is important to be aware that HMRC have announced that they will no longer accept payments made at the Post Office or by credit card.

HMRC have announced that with effect from 15 December 2017 it will no longer be possible to make payments to HMRC at a post office. The reason for this change is that contract with Santander, which allowed this method of payment, has expired. HMRC are advising that where electronic payment is not possible, payments can still be made at bank branches using a payslip and payments for self assessment income tax can still be posted to HMRC.

From 13 January 2018 it will no longer be possible to pay HMRC using a personal credit card. The timing of this change coincides with the date from which HMRC will no longer be permitted to charge fees for payment by credit card.

HMRC WARNING ABOUT ITUNES GIFT CARD SCAM

HMRC are urging people to stay safe from a phone scam that is conning elderly and vulnerable people out of thousands of pounds.

The scammers are preying on victims by cold calling them and impersonating an HMRC member of staff. They advise the victim that they owe a large amount of tax which they can only pay off by digital vouchers and gift cards, including Apple's iTunes vouchers.

The scam victims are told to go to a local shop, to purchase vouchers, and then read out the redemption codes to the scammer. The conmen then sell on the codes or purchase high value products, all at the victim's expense.

According to HMRC the scammers frequently use intimidation to get what they want, threatening to seize the victim's property or involve the police. The use of vouchers is an attractive scam as they are easy to sell on and hard to trace once used.

HMRC have confirmed that they would never request the settling of debt through such a method.

According to figures from Action Fraud, the UK's national fraud reporting centre, between the beginning of 2016 and August this year there have been over 1,500 reports of this scam, with the numbers increasing in recent months. The vast majority of the victims are aged over 65 and suffered an average financial loss of £1,150 each.

HMRC is working closely with law enforcement agencies, Apple and campaign groups to make sure the public know how to spot the scam and who to report it to.

HMRC's Director General of Customer Services, Angela MacDonald, said:

'*These scammers are very confident, convincing and utterly ruthless. We don't want to see anyone fall victim to this scam just before Christmas. That's why we're working closely with crime fighters to ensure taxpayers know how to avoid it.*

These scams often prey on vulnerable people. We urge people with elderly relatives to warn them about this scam and remind them that they should never trust anyone who phones them out of the blue and asks them to pay a tax bill. If you think you've been a victim you should contact Action Fraud immediately.'

i

---

[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.***