NEWSLETTER OCTOBER 2018

This newsletter covers the period from 1 April 2018 to 31 October 2018.

TAX INVESTIGATIONS SERVICE

Tax Investigation Service is available to the firm's clients via Abbey Tax Protection.

The tax investigation service 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	£36.00
Sole traders	£144.00
Partnerships – including personal tax returns	£144.00
Companies – including personal tax returns	£144.00

The fees are payable for scheme years commencing 1 September.

Clients at 31 August 2018 have received full details of the scheme. New clients from 1 September 2018 will receive details of the scheme prior to the annual renewal on 1 September. Further information regarding the scheme is available to all clients upon request.

EMPLOYER-SUPPORTED CHILDCARE GETS A REPRIEVE

Many employers help employees with childcare costs, often by providing childcare vouchers by way of salary sacrifice. Following the roll out of Tax-Free Childcare (TFC), the new government scheme to help working parents, existing Employer-Supported Childcare (ESC) schemes were expected to close to new joiners from April 2018.

However following the Chancellor's Spring Statement, Education Secretary Damian Hinds, made a concession to delay scrapping the scheme by six-months.

The Childcare Choices website which provides useful guidance to parents on the childcare options available to them including ESC, TFC and other free entitlements has been updated to show that childcare vouchers will be available to new joiners until the end of September 2018.

Under the rules employees already using ESC can choose whether to remain in existing schemes or switch to TFC, but parents cannot be in both TFC and ESC at the same time.

MAKING TAX DIGITAL FOR VAT FROM APRIL 2019

The regulations to bring into force Making Tax Digital for VAT (MTDfV) are now law, and digital VAT returns will be required from 1 April 2019.

MTDfV is the first phase of HMRC's landmark Making Tax Digital (MTD) regime, which will ultimately require taxpayers to move to a fully digital tax system. Regulations have now been issued which set out the requirements for MTDfV.

Under the new rules, businesses with a turnover above the VAT threshold (currently £85,000) must keep digital records for VAT purposes and provide their VAT return information to HMRC using MTD functional compatible software.

Keeping digital records will not mean businesses are mandated to use digital invoices and receipts but the actual recording of supplies made and received must be digital. It is likely that third party commercial software will be required. Software will not be available from HMRC. The use of spreadsheets will be allowed, but they will have to be combined with add-on software to meet HMRC's requirements.

WELSH LAND TRANSACTION TAX INTRODUCED

From 1 April 2018, Land Transaction Tax (LTT) will replace Stamp Duty Land Tax (SDLT). LTT will be collected by the Welsh Revenue Authority (WRA). HMRC has published guidance on the introduction of the new tax and the way in which property transactions straddling 1 April 2018 and cross border transactions will be dealt with.

PROPERTY TAXES ACROSS THE UK

From 22 November 2017, there is an exemption for first-time buyers from SDLT on the first £300,000 when buying a home, where the total price of the property is not more than £500,000. 5% is payable on purchases between £300,000 and £500,000. However, with devolved taxes, buying a property in Scotland and Wales can bring different tax consequences.

In Scotland, Land and Buildings Transaction Tax (LBTT) applies instead of SDLT. Therefore an LBTT relief for first-time buyers of properties up to £175,000 has been proposed in the Scottish Draft Budget 2018/19. This is subject to a government consultation before the relief launches in 2018/19.

Welsh first-time buyers benefit from first-time buyers SDLT relief until 31 March 2018. Land Transaction Tax (LTT) replaces SDLT in Wales from 1 April 2018. The starting rate for LTT will be £180,000, benefiting not just first-time buyers but other home buyers in Wales. A higher rate, of 3% over standard rates for additional residential properties, applies to purchases throughout the UK whether SDLT, LBTT or LTT applies. A new land-transaction-tax-calculator is available.

HMRC has issued guidance on the changes in Wales and the transitional rules for property transactions.

INCOME TAX CHANGES FROM 6 APRIL 2018

The personal allowance for 2018/19 is £11,850. However, some individuals do not benefit from the full personal allowance. There is a reduction in the personal allowance for those with 'adjusted net income' over £100,000, which is £1 for every £2 of income above £100,000. So for 2018/19 there is no personal allowance where adjusted net income exceeds £123,700.

The basic rate of tax is currently 20%. From 6 April 2018 the band of income taxable at this rate is £34,500 so that the threshold at which the 40% band applies is £46,350 for those who are entitled to the full personal allowance. Additional rate taxpayers pay tax at 45% on their income in excess of £150,000.

The tax on income (other than savings and dividend income) is different for taxpayers who are resident in Scotland to taxpayers resident elsewhere in the UK. The Scottish income tax rates and bands apply to income such as employment income, self-employed trade profits and property income.

In the 2018/19 Scottish Budget, the Finance and Constitution Secretary for Scotland, Derek Mackay announced significant changes to income tax bands and rates for Scottish resident taxpayers, introducing five possible income tax rates. The income tax rates range between 19% and 46%. Scottish taxpayers are entitled to the same personal allowance as individuals in the rest of the UK.

Scottish Bands £	**Band name**	**Scottish Rate**
0 - 2,000	Starter	19%
2,001 - 12,150	Basic	20%
12,151 - 31,580	Intermediate	21%
31,581 - 150,000	Higher	41%
Over 150,000	Top	46%

From April 2019, the National Assembly for Wales has the right to vary the rates of income tax payable by Welsh taxpayers.

DIVIDEND ALLOWANCE DOWN TO £2,000

In 2017/18 the first £5,000 of dividends are chargeable to tax at 0% (the Dividend Allowance). From 6 April 2018 the Dividend Allowance is reduced to £2,000. Dividends received above the allowance are taxed at the following rates:

- 7.5% for basic rate taxpayers

- 32.5% for higher rate taxpayers
- 38.1% for additional rate taxpayers.

CHANGING PRIORITIES AT HMRC

Over the coming years, the government plans to phase in its landmark Making Tax Digital (MTD) initiative, which will see taxpayers move to a fully digital tax system. However HMRC has shared a statement about how they are prioritising change in the department and as a result some parts of MTD will be delayed. HMRC has acknowledged the challenges in:

- exiting the EU and
- the ambition to become the world's most digitally advanced tax authority.

While some of the finer details are still being decided, HMRC have announced that, to achieve the above, some aspects of MTD are to be **delayed**. HMRC still plan to go ahead with MTD for VAT from April 2019. Information on some of the delayed projects is set out below:

Plans to introduce further digital services for individuals

There will be 'halted progress' on simple assessment and real-time tax code changes. Additional services in this area will only be added where they reduce phone or post contact or otherwise deliver 'significant savings'.

Other digitalisation of services affecting fewer individuals

This includes Inheritance Tax payments, Tax Advantaged Venture Capital Schemes applications and PAYE Settlement Agreements.

Creation of the single digital account for all businesses.

HMRC has confirmed this will now happen at a 'slower pace'. HMRC has confirmed the single digital account remains an aim of the department and they stress it will not impact the delivery of Making Tax Digital.

Voluntary Making Tax Digital for Business service for income tax

HMRC has confirmed this will continue to be available for any sole trader wishing to make quarterly updates to HMRC.

TAX RELIEFS FOLLOWING THE SCOTTISH BUDGET

The Government has stated that it will ensure that tax reliefs continue to work as they were intended as the new Scottish Income Tax rates and bands are introduced from 6 April 2018. The Government has confirmed:

- **Marriage Allowance**
  Marriage Allowance allows taxpayers to transfer 10% of their tax-free Personal Allowance to their spouse or civil partner, reducing their tax bill by up to £230 in 2017 to 2018, and £238 in 2018/19. The UK government will ensure that all those claiming Marriage Allowance in Scotland can continue to do so at the current rate (20%).
- **Gift Aid**
  Gift Aid allows charities to claim back 25p for every £1 donated. The UK government will make changes to ensure that Scottish taxpayers can benefit from the right rate of tax relief on Gift Aid. Gift Aid will continue to be paid to charities at the basic rate, with Scottish taxpayers able to claim the correct amount of additional relief on top of this.
- **Pensions relief at source**
  The UK government confirmed that current processes will continue while it works with stakeholders to establish how this will work in the longer term. For 2018/19, Scottish taxpayers who receive relief on their contributions at source will, therefore, continue to receive relief in their pension pot at 20%, with no adjustment for those taxed at a rate of less than 20%, and scope for those taxed at a rate higher than 20% to claim additional relief.
- **Social security pension lump sum**
  The UK government will make changes so that Scottish taxpayers who receive a social security pension lump sum will be taxed, where appropriate, at the new Scottish starter rate.
- **Finance cost relief** This will continue to apply at 20%, the same rate applicable to landlords across the UK.

Please contact us if you have queries on the workings of any of these tax reliefs for Scottish taxpayers and those resident elsewhere across the United Kingdom.

VAT FUEL SCALE CHARGES

HMRC have issued details of the updated VAT fuel scale charges which apply from the beginning of the next prescribed VAT accounting period starting on or after 1 May 2018.

VAT registered businesses use the fuel scale charges to account for VAT on private use of road fuel purchased by the business.

Please do get in touch for further advice on this or other VAT matters.

HMRC CONSULTATION ON BENEFITS EXEMPTION FOR WORKPLACE CHARGING FACILITIES

HMRC are consulting on the tax exemption which will apply from 6 April 2018 on workplace electric charging facilities used by employees.

It was announced in the Autumn Budget 2017 that the government intends to implement an exemption for the benefit of electricity provided by an employer, at the workplace, to charge electric or plug-in hybrid vehicles. The necessary legislation will be included in the Finance Bill later this year and its effect will be made retrospective to 6 April 2018.

This means that there is no need for employers to report the value of electricity provided for the workplace charging of employees' vehicles from that date.

This consultation seeks comments on workplace charging tax exemptions for electric and plug-in hybrid vehicles.

This guidance will be of interest to employers that pay taxable benefits to employees and provide electric charging points for employee use and the provision of workplace charging facilities, which vehicles the exemption covers and the qualifying conditions of the exemption.

TAX REFUND SCAMS WARNING FROM HMRC

HMRC has issued a warning to taxpayers regarding the latest tax refund scams. These scams are targeting individuals via email and SMS messages.

HMRC is currently processing genuine tax refunds for the 2017/18 tax year and the fraudsters are sending scam messages which claim that taxpayers are entitled to a rebate. These messages go on to request that they provide their personal and account details in order to make their claim.

HMRC is keen to stress that it will only ever inform individuals of a tax refund by post or through their employer, and never via email, text messaging or voicemail.

Commenting on the issue, Treasury Minister Mel Stride said

'We know that criminals will try and use events like the end of the financial year, the self assessment deadline, and the issuing of tax refunds to target the public and attempt to get them to reveal their personal data'.

HMRC is advising taxpayers not to click on any links, download any attachments or provide any personal information, and to forward any suspect messages to HMRC.

200,000 RECEIVE BACK PAY AS HMRC ENFORCE NATIONAL MINIMUM WAGE

BEIS and HMRC are urging underpaid workers to complain about National Minimum Wage (NMW) and National Living Wage (NLW) underpayments. Recent figures show that the number of workers receiving the money they are owed has doubled.

During 2017/18, HMRC investigators identified £15.6 million in pay owed to more than a record 200,000 of the UK's lowest paid workers. This is an increase on the previous years figures of £10.9 million for more than 98,000 workers.

HMRC launched its online complaints service in January 2017 and believes this has contributed to the 132% increase in the number of complaints received over the last year and the amount of money HMRC has been able to recoup for those unfairly underpaid.

The figures are published as the government launches its annual advertising campaign which encourages workers to take action if they are not receiving the NMW or NLW. The online campaign urges underpaid workers to proactively complain by completing an HMRC online form.

HMRC state that the types of business receiving most complaints include restaurants, bars, hotels and hairdressing.

Business Minister Andrew Griffiths said:

'*Employers abusing the system and paying under the legal minimum are breaking the law. Short changing workers is a red line for this government and employers who cross the line will be identified by HMRC and forced to pay back every penny, and could be hit with fines of up to 200% of wages owed.*

I would urge all workers, if you think you might be being underpaid then you should check your pay and call Acas on 0300 123 1100 for free and confidential advice.'

Please contact us for help with payroll matters.

UNIVERSAL CREDIT AND SELF EMPLOYMENT

The government has published a report, Universal Credit: supporting self employment which considers the issues faced by self employed claimants.

The report considers the impact of the Monthly Income Floor (MIF) earnings requirement. To be eligible for Universal Credit (UC) claimants must earn the MIF. However, the MIF assumes self employed claimants earn a regular income at least equal to the National Minimum Wage, and makes no provision for those with income and expenditure that vary from month to month. The report states that the MIF has been designed with monthly paid employed individuals in mind rather than the self employed who may have more volatile earnings.

It also considers the current system which allows self employed individuals to be exempt from meeting the MIF for the first 12 months of self employment and whether this is sufficient. The report urges the Government to extend the exemption period.

WALES TO SET DEVOLVED INCOME TAX RATES

From April 2019, the National Assembly for Wales will be able to vary the rates of income tax payable by Welsh taxpayers. Responsibility for many aspects of income tax will remain with the UK government, and the tax will continue to be collected by HMRC for Welsh taxpayers.

The process for setting Welsh rates of income tax

From April 2019, the UK government will reduce each of the three income tax rates: basic, higher and additional rate, paid by Welsh taxpayers by 10 pence.

The National Assembly for Wales will then decide the three Welsh rates of income tax, which will be added to the reduced UK rates. The combination of reduced UK rates plus the Welsh rates will determine the overall rate of income tax paid by Welsh taxpayers.

If the National Assembly for Wales approves each of the Welsh rates of income tax at 10p, this will mean the rates of income tax paid by Welsh taxpayers will continue to be the same as that paid by English and Northern Irish taxpayers. However the National Assembly for Wales may decide to set different rates *'to reflect Wales' unique social and economic circumstances'.*

WORKERS' RIGHTS FOR PIMLICO PLUMBER

A plumber has won a legal battle for working rights in a Supreme Court ruling.

The Supreme court has backed up an earlier ruling by an Employment Tribunal in the case of a contractor engaged by Pimlico Plumbers.

Plumber Gary Smith carried out plumbing jobs for Pimlico Plumbers. He was VAT registered and paid tax on a self employed tax basis.

The Supreme Court has ruled that Gary Smith was entitled to workers' rights and confirmed that the Employment Tribunal was 'entitled to conclude' that Mr Smith was a worker.

As a worker Mr Smith was entitled to rights including holiday and sick pay.

Pimlico Plumbers chief executive Charlie Mullins said that he was '*disgusted by the approach taken to this case by the highest court in the United Kingdom.*

'*This was a poor decision that will potentially leave thousands of companies, employing millions of contractors, wondering if one day soon they will get a nasty surprise from a former contractor demanding more money, despite having been paid in full years ago. It can only lead to a tsunami of claims.'*

HMRC EXTENDS RTI LATE FILING EASEMENT UNTIL APRIL 2019

HMRC has extended the payroll Real Time Information (RTI) late filing easement until April 2019.

Under RTI payroll obligations employers must submit details of payments made to employees on or before the day that wages are paid via a Full Payment Submission.

The updated guidance extends the easement, introduced in April 2015 to April 2019. The easement applies where an employer's FPS is late but all reported payments on the FPS are within three days of the employees' payday. This easement applies from 6 March 2015 to 5 April 2019. However, HMRC go on to clarify that employers who persistently file after the payment date but within three days may be contacted or considered for a penalty. Potential monthly penalties range from £100 to £400 depending on the size of the employer.

Please contact us for help or advice with payroll matters.

HMRC SAVES PUBLIC £2.4M BY STOPPING FRAUDSTERS

HMRC has announced that it has saved the public over £2.4m by tackling fraudsters that trick them into using premium rate phone numbers for services that HMRC provide for free.

HMRC has reported that scammers create websites that look similar to HMRC's official site and then direct the public to call numbers with extortionate costs in comparison to the low cost and no cost services that HMRC provides.

These websites promote premium rate phone numbers as a means of phoning HMRC but these are call forwarding services which connect the unsuspecting to HMRC at a premium rate.

HMRC's has confirmed that its genuine 0300 numbers are mainly free or charged at the local landline rate. In other cases, websites charge for forwarding information to HMRC which can be provided free of charge via GOV.UK website.

HMRC has successfully challenged the ownership of these websites, masquerading as official websites, and removed them from the hands of cheats. Analysis carried out shows that had HMRC not taken this action then the public would have lost £2.4m to these scams.

Mel Stride, Financial Secretary to the Treasury said:

'*We know that HMRC is the most spoofed government brand as criminals try to take advantage of the fact that everyone has some involvement with the tax authority. In this particular case, scammers try to dupe the public into paying large sums for services that are available for free or low cost.'*

'This is a brazen con, charging premium rates whilst simply redirecting calls to the real HMRC numbers that are available at low or no cost. It is a testament to the hard work of HMRC that they have prevented criminals extracting £2.4m from the public.'

ENTERPRISE MANAGEMENT INCENTIVE CONTINUES

It had been reported that the Enterprise Management Incentive scheme State Aid approval lapsed on 6 April 2018. HMRC had previously warned that EMI share options granted in the period from 7 April 2018 until EU State Aid approval was received may not be eligible for the tax advantages afforded to option holders but has now confirmed the scheme will operate as before.

On 15 May EU approval was granted and HMRC has now confirmed that the Enterprise Management Incentives scheme will continue to operate as before and no changes have therefore been made to the scheme.

The Enterprise Management Incentive (EMI) allows selected employees (often key to the employer) to be given the opportunity to acquire a significant number of shares in their employer through the issue of options. An EMI can offer significant tax advantages as the scheme allows options to be granted to employees which then allows shares to be acquired without any tax bill arising until the shares are sold.

BANK OF ENGLAND RAISE INTEREST RATE

The Bank of England has raised the interest rate from 0.5% to 0.75%. The quarter of a percentage point rise sets the rate at its highest level since March 2009.

The rise in the interest rate will no doubt increase the interest costs of residential mortgages that have variable or tracker rates. It will be interesting to see if the rise in the rate is passed on to savers.

In response to the increase in the rate Alpesh Paleja, CBI Principal Economist, said:

'This decision was in line with our expectations. The case for another rate rise has been building, with inflationary pressures being stoked by a tight labour market and many indicators now suggesting that weak activity in the first quarter of 2018 was a blip.'
'The Monetary Policy Committee has signalled further rate rises over the next few years, if the economy evolves as they expect. These are likely to be very slow and limited, particularly over the next year as uncertainty around Brexit takes its toll on business investment.'

SCOTLAND INTRODUCES RELIEF FOR FIRST TIME BUYERS

First-time buyers in Scotland will be helped to purchase their first home through a new tax relief which applies to Scottish Land and Buildings Transaction Tax (LBTT).

According to the Scottish Parliament approximately 80% of first-time buyers will pay no LBTT once the LBTT First Time Buyer relief takes effect. The change sees the zero-rated LBTT threshold raised to £175,000 for first-time buyers. Those purchasing property at a higher value will have their tax reduced by a maximum of £600. The Scottish Parliament expect that around 12,000 first-time buyers will benefit each year.

Minister designate for Public Finance and Digital Economy Kate Forbes said:

'From today, around 80% of first-time buyers will pay no LBTT, helping thousands of people across the country buy their first home.'

ONE MILLION COUPLES STILL ELIGIBLE FOR £900 TAX BOOST

HMRC has highlighted that three million UK couples have already taken advantage of Marriage Allowance but a million more are still eligible for the tax break.

The Marriage Allowance allows certain couples, where neither pay tax at more than the basic rate, to transfer 10% of their unused personal allowance to their spouse or civil partner, reducing their tax bill by up to £238 a year in 2018/19. The allowance was introduced in 2015 and it is possible to backdate the claim to earlier tax years.

Please contact us if you would like to know more about this allowance and whether you are eligible.

HMRC WARNING: TIME TO DECLARE OFFSHORE ASSETS

HMRC is warning that taxpayers could face penalties if they fail to declare their income on foreign assets before new 'Requirement to Correct' legislation comes into force.

HMRC is urging UK taxpayers to come forward and declare any foreign income or profits on offshore assets before 30 September to avoid higher tax penalties.

New legislation called 'Requirement to Correct' requires UK taxpayers to notify HMRC about any offshore tax liabilities relating to UK income tax, capital gains tax, or inheritance tax. The most common reasons for declaring offshore tax are in relation to foreign property, investment income and moving money into the UK from abroad. HMRC has stated that over 17,000 people have already been in contact to notify they have tax due from sources of foreign income, such as their holiday homes and overseas properties.

The Financial Secretary to the Treasury, Mel Stride MP, said:

'Since 2010 we have secured over £2.8bn for our vital public services by tackling offshore tax evaders, and we will continue to relentlessly crack down on those not playing by the rules.'

'This new measure will place higher penalties on those who do not contact HMRC and ensure their offshore tax liabilities are correct. I urge anyone affected to get in touch with HMRC now.'

Common Reporting Standard (CRS)

From 1 October more than 100 countries, including the UK, will be able to exchange data on financial accounts under the CRS. It is expected that the CRS data will significantly enhance HMRC's ability to detect offshore non-compliance and it is in taxpayers' interests to correct any non-compliance before that data is received.

Taxpayers can correct their tax liabilities by:

- Using HMRC's digital disclosure service as part of the Worldwide Disclosure Facility or any other service provided by HMRC as a means of correcting tax non-compliance.
- Telling an officer of HMRC in the course of an enquiry into your affairs.
- Or any other method agreed with HMRC.

Once a taxpayer has notified HMRC of their intention to make a declaration, by the deadline of 30 September, they will then have 90 days to make the full disclosure and pay any tax owed. To ensure there is an incentive for taxpayers to correct any offshore tax non-compliance on or before 30 September 2018 there are increased penalties for any failures to correct by that date.

If taxpayers are confident that their tax affairs are in order, then they do not need to worry. However if you are unsure, please contact us.

STAMP DUTY CUT: 121,500 HOUSEHOLDS SAVE £284 MILLION

According to the latest statistics 121,500 first-time buyers have saved a total of £284,000,000 following the introduction of a relief for first-time buyers under the Stamp Duty Land Tax rules which apply in England and Northern Ireland.

Over the next five years, it is estimated that this relief, part of the UK government's housing policy will help over 1 million people getting onto the housing ladder.

First-time buyers purchasing homes of £300,000 and under pay no stamp duty at all, and those who bought properties of up to £500,000 will also have benefitted from a stamp duty cut.

Financial Secretary to the Treasury, Mel Stride, said:

'Once again, we can see that our cut to stamp duty for first-time buyers is helping to make the dream of home ownership a reality for a new generation – exactly as we intended.'

'In addition, we're building more homes in the right areas, and have introduced generous schemes such as the Lifetime ISA and Help to Buy.'

Those purchasing properties in Wales (since 1 April 2018) pay Land Transaction Tax and those in Scotland pay Land and Buildings Transaction Tax. First-time buyers in Scotland also benefit from a relief for first-time buyers.

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published which take effect from 1 September 2018. 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 September 2018 are:

Engine size	**Petrol**
1400cc or less	12p
1401cc - 2000cc	15p
Over 2000cc	22p
Engine size	**LPG**
1400cc or less	7p
1401cc - 2000cc	9p

Over 2000cc	13p
Engine size	**Diesel**
1600cc or less	10p
1601cc - 2000cc	12p
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.

HMRC LATEST GUIDANCE FOR EMPLOYERS

HMRC has published the latest edition of the Employer Bulletin. This guidance for employers, and their agents, includes articles on:

- Reporting your payroll information accurately and on time
- Irregular payments and completion of Full Payment Submissions
- Starter Declaration on a Full Payment Submission (FPS)
- PAYE Settlement Agreements and Scottish Income Tax
- National Living Wage and National Minimum Wage – are you paying the correct rate?
- Advisory Electricity Rate for fully electric company cars
- Welsh Rates of Income Tax
- Construction Industry Scheme (CIS) webinars
- Postgraduate Loans
- Benefits and Expenses: Company cars
- Tax avoidance loan schemes – settle now
- Completing an EYU in respect of Employee's National Insurance Contributions
- Employment Income: Draft Legislation
- Deadline for post 16 Child Benefit looms.

For help with payroll matters, please contact us.

'NO DEAL' BREXIT GUIDANCE AND SMALL BUSINESS SURVEY

The government has issued some 'no deal' Brexit technical notices, with the aim of helping both businesses and individuals to prepare in the event of a UK-EU agreement not being realised.

The government has published the first 25 notices. Brexit Secretary Dominic Raab was keen to emphasise that reaching a deal remains the *'overriding priority*'. However, until a Withdrawal Agreement is ratified by the UK and European Parliaments, the possibility of the UK leaving the EU without a deal on 29 March 2019 remains.

The 25 documents cover a range of different areas, including VAT and trading, financial services, farming and workplace rights.

Josh Hardie, Deputy Director General at the CBI, said:

'It's right and responsible that the government has supplied information to businesses on issues from financial services passporting to food labelling, all of which will help lower the risks of the harshest outcomes from a 'no deal' Brexit.'

The government has confirmed further technical notices will be issued.

Following the issue of some 'no deal' Brexit technical notices, in August, the government has issued further notices with the aim of helping both businesses and individuals to prepare in the event of a UK-EU agreement not being realised.

The second and third batches of notices cover topics such as passports, driving licences together with data protection and mobile phone roaming charges amongst other topics. The full list and access to the collection of technical notices can be viewed by visiting the link at the end of this article. The government has confirmed they plan to issue further technical notices.

Although reaching a deal remains the *'overriding priority'* unless a Withdrawal Agreement is ratified by the UK and European Parliaments, the possibility of the UK leaving the EU without a deal on 29 March 2019 remains.

Meanwhile, a survey by the Federation of Small Businesses (FSB) has revealed that:

- Only 14% of small businesses have started planning for a no deal Brexit.
- A further 41% believe that a no deal Brexit will have an impact on their business but have not yet started planning for the possibility.
- 10% believe that a no deal Brexit will have a positive impact on their ability to do business whilst 48% believe that a no deal Brexit will have a negative effect on their ability to do business. This figure rises sharply to 66% for those small firms that trade with the EU and to 61% for those that employ a staff member from the EU.

FSB National Chairman, Mike Cherry, said:

'Looking at this research it is obvious that our small firms are not prepared or ready for a chaotic no deal Brexit and the impact that it will have on their businesses. If you sell your products to the EU, buy goods from the EU or if your business relies on staff from the EU, you now see this outcome as a clear and present threat to your business.'

We will keep you informed of developments.

SELF-EMPLOYED CLASS 2 NATIONAL INSURANCE WILL NOT BE SCRAPPED

The government has decided not to proceed with plans to abolish Class 2 National Insurance Contributions (NICs) from April 2019.

Class 2 NICs are currently paid at a rate of £2.95 per week by self-employed individuals with profits of £6,205 or more per year. The government had planned to scrap the Class 2 contribution and had been investigating ways in which self-employed individuals with low profits, could maintain their State Pension entitlement if this inexpensive contribution had been abolished.

In a written statement to MPs, Robert Jenrick, Exchequer Secretary to the Treasury, stated that:

'This change was originally intended to simplify the tax system for the self-employed. We delayed the implementation of this policy in November to consider concerns relating to the impact on self-employed individuals with low profits. We have since engaged with interested parties to explore the issue and further options for addressing any unintended consequences.'

'A significant number of self-employed individuals on the lowest profits would have seen the voluntary payment they make to maintain access to the State Pension rise substantially. Having listened to those likely to be affected by this change we have concluded that it would not be right to proceed during this parliament, given the negative impacts it could have on some of the lowest earning in our society.'

HMRC HAS PUBLISHED AN UPDATED LIST OF DELIBERATE TAX DEFAULTERS

HMRC has published an updated list of deliberate tax defaulters. The list includes details of taxpayers who have incurred a penalty because they have either:

- deliberately provided one or more inaccurate documents to HMRC
- deliberately failed to comply with an HMRC obligation

- committed a VAT or excise wrongdoing.

HMRC's criteria for publishing this information also states that *'These deliberate acts have resulted in HMRC establishing an additional amount of tax of more than £25,000. HMRC only publish the details where the taxpayer has not made a full and immediate disclosure when HMRC started to investigate or prior to any investigation.'*

GENUINE HMRC CONTACT AND RECOGNISING PHISHING EMAILS AND TEXTS

HMRC has updated their guidance on how to recognise when contact from HMRC is genuine and how to recognise phishing or bogus emails and text messages.

Internet link: GOV.UK recognising phishing emails

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