



September 2011 - Enews

In this month's enews we report on increases to the NMW rates. Please contact us if you would like any further details on any of the issues covered.

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NATIONAL MINIMUM WAGE RATES

The adult rate of the National Minimum Wage (NMW) increases to £6.08 (£5.93) an hour from 1 October 2011. This is payable to those age 21 and over.

The rate for those aged 18 to 20 increases to £4.98 (£4.92) and for 16 and 17 year olds to £3.68 (£3.64) an hour.

The apprentice rate, for apprentices under 19 or 19 or over and in the first year of their apprenticeship, increases to £2.60 (£2.50) an hour.

Updated guidance available on the Business Link website includes specific situations such as those engaged on work experience or internships and their entitlement to the NMW. The guidance also includes a new worker checklist for employers and case study examples.

The press release confirms:

'Entitlement to the NMW does not depend on a job title but on whether the arrangement they have with an organisation makes them a worker for NMW purposes. Where an individual is a worker - and no exemption applies - then they must be paid at least the NMW.'

Employment Relations Minister Edward Davey said:

'Internships and work experience of all forms offer an excellent opportunity in helping to bridge the gap between education and the workplace. And for businesses it allows them access to a wide talent pool of some of our best and brightest who didn't take the traditional route into a job.'

'Fairness though is absolutely paramount with all placements. When a worker is entitled to the minimum wage, they should be paid it and we will continue to enforce the law. Today's publication will help clarify this for employers and will also make sure that all interns and those on work experience placements have a better understanding of their entitlement to the minimum wage.'

HMRC are able to charge penalties to those employers found to be in breach of the NMW rules.

If you have any queries on the NMW please do get in touch.

Internet links: [NMW rates](#) [Business link guidance](#) [Press release](#) [NMW Penalties](#)

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published to take effect from 1 September 2011. HMRC's website states:

'These rates apply to all journeys on or after 1 September 2011 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 September 2011 are:

Engine size	Petrol	LPG
1400cc or less	15p (15p)	11p (11p)
1401cc – 2000cc	18p (18p)	12p (13p)
Over 2000cc	26p (26p)	18p (18p)

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

Please note that only one rate has changed and that has been reduced and care must be taken to apply the correct rate after the one month period of grace.

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.

Internet link: [HMRC advisory fuel rates](#)

AGREEMENT WITH SWITZERLAND TO SECURE BILLIONS IN UNPAID TAX

The government has agreed measures with Switzerland to tackle offshore tax evasion. Under the terms of an agreement, existing funds held by UK taxpayers in Switzerland will be subject to a significant one-off deduction of between 19% and 34% to settle past tax liabilities.

From 2013, a new withholding tax of 48% on investment income and 27% on gains will ensure the effective future taxation of UK residents with funds in Swiss bank accounts. This will be accompanied by new information-sharing rules which will make it easier for HMRC to find out about Swiss accounts held by UK taxpayers. The new charges will not apply if the taxpayer authorises a full disclosure of their affairs to HMRC.

Internet link: [Press release](#)

UNEMPLOYMENT FIGURES

The latest unemployment figures show the number of people out of work rose by 80,000 to 2.51 million in the three months to July 2011.

Neil Carberry, CBI Director for Employment Policy, said:

'This rise in unemployment is troubling, particularly the growing number of young people out of work.'

With one in five 16-24 year olds currently unemployed, tackling youth unemployment must be a priority. Businesses are eager to play their part through apprenticeships, training and work placements, but now the government must do all it can to create the right conditions for the private sector to create much-needed jobs.'

Internet link: [Press release](#)

HMRC REMINDER ON NEW TAX RETURN PENALTIES

HMRC are reminding individuals and businesses about new Self Assessment penalties for late returns and late payments, which come into effect this autumn.

The changes will apply to Self Assessment returns for 2010/11 which must be submitted by 31 January 2012. As stated on the HMRC website:

'The new penalties for late Self Assessment returns are:

- *an initial £100 fixed penalty, which will **now apply even if there is no tax to pay, or if the tax due is paid on time***
- *after 3 months, additional daily penalties of £10 per day, up to a maximum of £900*
- *after 6 months, a further penalty of 5% of the tax due or £300, whichever is greater; and*
- *after 12 months, another 5% or £300 charge, whichever is greater. In serious cases, the penalty after 12 months can be up to 100% of the tax due.'*

If you would like help or advice on your Self Assessment return please do contact us.

Internet links: [Press release](#) [HMRC deadlines and penalties](#)

SCHOOL CHARITIES - GIFT AID AND PAYROLL GIVING GUIDE

HMRC have published a Gift Aid and Payroll Giving guide for School Charities.

The guide contains information and simple examples specifically related to funds received by school charities to help make the most of these donations and identify what qualifies for Gift Aid. The guidance covers the following scenarios:

'Appeals to fund extra lessons

Non-uniform days

School fees

Appeals towards school running costs

Appeals to fund scholarships

Appeals to a general reserve fund
Educational school trips
Appeals to buy a minibus or other equipment
Sponsored events
Payments to e-Learning Foundations
Building appeals
Other fundraising events'

Internet links: [HMRC website](#) [Guidance](#)

REVISED CONSTRUCTION INDUSTRY PENALTIES

From October 2011 the late submission Construction Industry Scheme monthly returns will result in revised penalties. The penalties are as follows:

- a basic penalty of £100 for failure to meet due date of the 19th of the month
- where the failure continues after two months after the due date, a further penalty of £200 will be charged
- after six months an additional penalty will be due, rising to the greater of 5% of the tax or £300
- after 12 months a further penalty will again be due being the greater of £300 or 5% of the tax but, where the withholding of information is deliberate and concealed, it will be 100% of the tax (or £3,000 if greater) and where information is withheld deliberately 70% of the tax (or £1,500 if greater).

Please get in touch if you would like help or advice on the Construction Industry Scheme.

Internet link: [HMRC guidance on CIS penalties](#)

HMRC REPORT INCREASE IN PHISHING SCAMS

HMRC have confirmed that reports of fraudulent 'phishing' emails have risen by 300% over the past year. The figure for August 2011 was 24,000. HMRC are currently helping to shut down around 100 scam websites a month.

They are stressing that if anyone receives an email claiming to be from HMRC advising that they are due a tax repayment that they do not follow the email's instructions.

The emails provide a 'click-through link' to a cloned replica of the HMRC website, where the recipient is asked to provide their credit or debit card details. HMRC advise that victims risk not only having their bank accounts emptied but also their personal details being sold on to other organised criminal gangs.

Joan Wood, Director of HMRC Online and Digital, said:

'We only ever contact customers who are due a tax refund in writing by post. We currently don't use telephone calls, emails or external companies in these circumstances. If anyone receives an email claiming to be from HMRC, please send it to phishing@hmrc.gsi.gov.uk before deleting it permanently.

The increase in reports is partly due to improved awareness of this scam. However, I have no doubt that more of these "phishing" emails are in general circulation than ever before.

HMRC will do everything possible to ensure those receiving this email know what steps to take to protect their information, and we are working closely with other law enforcement agencies to target the criminals behind this serious crime and see them brought to justice.'

Internet link: [Press release](#)