



JANUARY 2012 ENEWS

In this month's enews we report that HMRC have announced they will not charge penalties on Self Assessment returns filed up to two days late! We also include several articles on employment related issues. Please contact us if you would like any further information.

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SELF ASSESSMENT DEADLINE AND PENALTIES

HMRC have announced that they will not impose late filing penalties on taxpayers who file their Self Assessment returns on 1 and 2 February 2012. The announcement has been made amongst fears that taxpayers would not be able to get through to HMRC's call centres on 31 January 2012 where strike action by some employees is anticipated.

HMRC have also advised that:

'The SA deadline remains midnight on 31 January. But HMRC will treat all returns that come in by midnight on 2 February as though they were submitted by 31 January. No customer will have to pay interest on payments due on 31 January that are paid on 1 or 2 February.'

Acting Director General Personal Tax, Stephen Banyard, said:

'We've always been very clear that we want the returns – not the penalties. For that reason, we don't want anyone who can't get through for help and advice on 31 January to be disadvantaged in any way.'

Internet link: [HMRC press](#)

ONLINE VAT RETURNS AND ELECTRONIC PAYMENTS

Since April 2010 most VAT registered businesses have been required to submit their VAT Returns online and pay any VAT due electronically. From 1 April 2012 **all** VAT registered businesses will be required to meet these requirements, apart from a very small number who will be exempt.

Exemptions from doing your VAT online

Businesses may not have to comply with the requirement if:

- they are subject to an insolvency procedure - but if the business is subject to an approved Voluntary Arrangement, administration or trust deed, an online submission may be made
- HMRC is satisfied that the business is run by practising members of a religious society, whose beliefs prevent them from using computers.

If you believe either of these exemptions apply then it is important to confirm the position with HMRC and not assume that the exemption applies.

Paying your VAT electronically

Businesses which submit their VAT Returns online, must also pay any VAT due electronically. This generally gives businesses up to seven extra calendar days to submit their return and pay their VAT. There are some exceptions to this rule, for example businesses which file annual returns and make payments on account.

HMRC advise:

'The extended due date will be shown on your online return and you must ensure that cleared funds reach HMRC's bank account by this date. If your payment clears later than this, you may be liable to a surcharge for late payment'

'There are various ways to pay including by Direct Debit, online and telephone banking. You can also pay by cheque at a bank or building society using a Bank Giro paying-in slip which can be obtained from HMRC. Since some of these methods can take a little time to set up, you should choose which method you want to use, and set it up, well in advance of the filing and payment deadline'

If you would like any help with your VAT return please do get in touch.

Internet links: [HMRC VAT online guidance](#) [VAT online helpsheet](#)

PAYE TAX CODES

HMRC are issuing PAYE tax codes for 2012/13. These new coding notices, which are due to be issued between January and March 2012, will be used against employees pay from April 2012 onwards. It is important that these coding notices are checked carefully as an incorrect code will result in too little or too much tax being deducted from pay or pension payments.

If you are unsure that your coding notice is correct and would like some further guidance please do get in touch.

Good news for many

The majority of taxpayers will see an increase in their tax code as the personal allowance for those under 65 increases from £7,475 to £8,105.

Those individuals with simple tax affairs (just one employer with no reliefs or benefits or tax underpayments brought forward) will generally not receive a coding notice. Their current coding of 747L will be automatically uplifted to 810L following general instructions to employers.

Although the personal allowance is increasing, the point at which taxpayers start to pay the higher rate of 40% tax on their taxable income is decreasing (from £35,000 to £34,370). This means that basic or higher rate taxpayer will generally benefit from the same tax saving of £126.

The withdrawal of the personal allowance for those with income over £100,000 income limit applies for 2012/13. The reduction in the personal allowance is by £1 for every £2 of adjusted net income above the income limit. Adjusted net income for these purposes is broadly all income after adjustment for pension payments, charitable giving and relief for losses. Individuals with adjusted net income of at least £116,210 will not be entitled to a personal allowance for 2012/13.

Internet links: [HMRC news](#) [HMRC guidance on tax codes](#)

HMRC NOW ABLE TO ACCEPT FASTER PAYMENTS

HMRC have announced that they are now able to accept payments made using the Faster Payments Service. This will allow you to make faster electronic payments, typically via internet or telephone banking, enabling them to be processed on the same or next day.

HMRC advise that those wishing to make payments using this method should contact their bank or building society before making a payment to confirm:

- the service available to you

- whether there are any single transaction or daily limits on the amount you can pay
- their latest cut off times for making a payment.

HMRC are also reminding taxpayers to ensure that they always use the correct bank account details and reference number.

Internet link: [HMRC news](#)

GANGMASTERS AND TEMPORARY WORKERS FOR THE OLYMPICS

HMRC are warning employers who plan to take on more staff for the Olympic and Paralympic Games to check their 'labour providers'. These 'labour providers' are agencies that supply temporary workers to meet seasonal and market demand and are sometimes called 'gangmasters'.

Businesses which may be affected include those in catering, food processing, construction, hotels, leisure and security.

HMRC has warned there is a risk that employers could unknowingly hire workers who are in the UK illegally or are earning below the National Minimum Wage. This could result in enquiries by HMRC and costs for the business, damaged reputation and even prosecution.

Marie-Claire Uhart, Director of Specialist Investigations, said:

'HMRC has found problems with fraud and unpaid taxes in the labour provider field and this might increase as companies employ more casual labour for the Games. HMRC routinely tackles attempts to defraud the Exchequer, including the use of false invoices and hijacked VAT registrations.'

'Businesses that use labour providers can help prevent these forms of tax abuse – and avoid involvement in fraudulent supply chains – by being alert and asking the right questions.'

The following link includes a list of questions which businesses should ask before using the services of a gangmaster.

Internet link: [News release](#)

HMRC INTRODUCE NEW PROCEDURES FOR CIVIL FRAUD

As part of the government's commitment to tackle fraud, HMRC's new Contractual Disclosure Facility (CDF) will be launched on 31 January 2012.

HMRC will contact a taxpayer, in writing, to inform them that they are suspected of serious tax fraud and offer them the opportunity to enter into a contract to disclose that fraud within 60 days. In return, HMRC will agree not to criminally investigate, removing the risk of prosecution by HMRC.

Taxpayers who are not under investigation but who want to admit to tax fraud, may fill out a form to voluntarily request that HMRC consider their suitability for a CDF contractual arrangement.

Launching the CDF, Exchequer Secretary to the Treasury, David Gauke, said:

'This new facility is a valuable tool which will help HMRC in its fight against fraud. HMRC will set out clearly what is expected of taxpayers, and what will happen to fraudsters who choose not to disclose their crimes.'

Internet link: [HMRC news release](#)

AGENCY WORKERS REGULATIONS

Under the Agency Workers Regulations, workers supplied by an agency become entitled to receive pay and basic working conditions equivalent to any directly employed employees after a 12 week qualifying period.

The rules came into effect from 1 October 2011 so the 12 week period commenced from 1 October 2011 for existing agency workers. Where these workers are still engaged by the hirer, they now qualify to receive pay and basic working conditions equivalent to directly employed employees.

Where an agency worker is at the entity for less than 12 weeks, a minimum break of more than six weeks between assignments with the same employer will be necessary for the rights not to be available.

Guidance on the Agency Workers Regulations can be found on the BIS website.

Internet link: [BIS guidance](#)

UNEMPLOYMENT HIGH

The Office for National Statistics has released the latest employment statistics.

For September to November 2011:

- *The employment rate for those aged from 16 to 64 was 70.3%, down 0.1% on the quarter.*
- *There were 29.12 million people in employment aged 16 and over, up 18,000 on the quarter.*
- *The unemployment rate was 8.4% of the economically active population, up 0.3% on the quarter.*
- *There were 2.68 million unemployed people, up 118,000 on the quarter.*

- *The unemployment rate has not been higher since 1995 and the number of unemployed people has not been higher since 1994.*

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

'These figures show that unemployment continues to be a major concern and is particularly worrying for young people.'

'Notwithstanding the gravity of the situation, over half of the headline rise in unemployment over the last quarter represents people who were previously economically inactive switching to actively look for work.'

'The only way to resolve unemployment in the short-term is to pull out all the stops to get the economy moving and businesses growing. Specialist help for our young people, like the new 'Youth Contract', will help support them to make the difficult transition into work.'

'But over the longer term, the Government must look at how our schools prepare people for working life through better careers advice, guidance, and skills that employers need.'

Internet links: [ONS report](#) [CBI press release](#)