

# JTC NEWSLINE

Issue 65

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## Budget 2014

In the Budget Press pack there were 2 announcements of special interest for construction.

**PAYE for Workers coming to site via agencies or intermediaries:** The proposed legislation that will require agencies and intermediaries to pay over PAYE and NIC on all workers supplied by them is going ahead. The only escape for an agency or intermediary is if they hold evidence that the worker will not be controlled, supervised or directed when on site. This seems unlikely in construction. There has been a new legal clause added that if an employer gives an agency false evidence that workers will not be controlled etc then PAYE liability will come home to roost with the construction firm.

There is one other escape from PAYE for an agency if they can prove that PAYE is paid by the subcontractor himself because he works through a personal services company. This will work for many white collar workers who get work via agencies but is likely to be too expensive and difficult for blue collar workers. HMRC have said that if they see agencies setting up umbrella companies and their like (managed service companies) for blue collar workers they will legislate immediately to prevent it.

As this legislation comes into force on 6th April there will also be targeted anti-avoidance legislation which will allow HMRC to look through any legal arrangements that are put in place for no commercial purpose and are entered into to avoid PAYE.

**The result is that if you use labour from agencies or intermediaries where the worker has always received his wages taxed by CIS, it is very likely that the price charged by the agency will go up and the worker will have to move into PAYE.**

Interestingly some PAYE regulations are being changed to allow simpler calculations of PAYE liability when a worker is recategorised as employed having been wrongly taxed as self-employed. This may be in preparation for the consequences of the new legislation outlined above.

**CIS - Consultation:** There will be a consultation in summer 2014, probably June to July, to consider -

- Options to improve the operation of CIS for smaller businesses particularly considering barriers to getting gross CIS status and the value of the compliance tests. It seems likely that more firms could move to gross

status within a year and perhaps we could get the compliance tests reduced.

- The introduction of mandatory online filing for all contractors.
- Registration for joint ventures especially international JVs; these need to be made simpler.
- Possible simplification of reporting from the largest businesses.

**If you would be interested to participating in a JTC delegation please contact Liz Bridge - [liz@thetazbridge.com](mailto:liz@thetazbridge.com) ■**

## Red Diesel - changes ahead, get ready

A new marker will be included in red diesel next year. Samples of the marker are already with the diesel manufacturers. If you want to test whether the new marker will cause problems in sensitive machinery, ask for a sample. If you have difficulty getting samples tell Liz Bridge – HMRC want to know. ■

## New advisory fuel rates for company car drivers apply from 1 March 2014

The latest changes do not affect all the fuels - small change to LPG. Advisory fuel rates are set by HMRC. Employers can use these rates to reimburse company car drivers for business fuel. These rates should not be used in relation to vans.

These amounts also apply for VAT purposes, but employers can only reclaim input VAT if the employee supplies a receipt. (Rates for December 2013 are in brackets.) ■

Engine Size	Petrol	Diesel	LPG
1400cc or less	14p (14p)		9p (9p)
1600cc or less		12p (12p)	
1401cc - 2000cc	16p (16p)		11p (11p)
1601cc to 2000cc		14p (14p)	
Over 2000cc	24p (24p)	17p (17p)	17p (16p)

## Good website for students

[www.taxguideforstudents.org.uk](http://www.taxguideforstudents.org.uk) is a website run by the Low Incomes Reform Group and the Chartered Institute of Tax and funded by HMRC. It is an extremely good website for all student money issues. ■

**PAYE - making your final submission of PAYE RTI in 2013-2014**

First of all, check that all previous submissions for the year have gone and none are stuck in the pipeline as failed submissions or unsubmitted. Then concentrate on the final submission for the year. Your final submission is the one which tells HMRC about the very last employee payment in the 2013-2014 tax year. Once you have prepared it and submitted it, go into the tabs which are called 'Final Submission for the Year End.' This will ask questions about special payments, expenses and benefits. Send this submission at the same time as your FPS. For most people this will mean that their final submission of the year will have been sent by 5th April 2014.

If you have no payments to employees in the month 6th March to 5th April you **must** send in an Employer Payment Summary (EPS), by 19th April at the latest, showing no payments. You can complete the final submission for the year end questions up until this date with your EPS.

There are no P35s or P14s to complete so this will be the first year end without that job – so do not miss the deadline for your final submission.

**Remember**

You must still provide each employee working for you at 5 April 2014 with form P60 by 31 May 2014.

You must send any expenses and benefits annual returns (forms P11D, P9D and P11D (b)) to HMRC by 6th July

**Elephant trap**

If you had no employees in the final part of the year and sent in a 'final submission for the tax year' and answered the questions in, say December, you **still** need to send in an EPS to show that you haven't paid anyone in the final months of the tax year.

- Send HMRC an EPS by 19th April 2014.
- Complete the 'No payment dates' or 'period of inactivity' fields to show that you won't be sending a FPS for the final tax months.

If your PAYE scheme has ceased, use the 'ceased indicator' and show the date your scheme ceased rather than sending a 'final submission of the year'. ■

**Car benefits and pool cars – what the tribunal has said. Risk of vandalism no excuse**

The tribunal has confirmed (yet again) that security and the avoidance of vandalism are irrelevant when it comes to satisfying the conditions for a car to be a 'pool car'.

If you think a car in your business is a pool car, seek advice; cars used by directors and kept outside homes rarely are pool cars by any legal definition. ■

**PAYE 2014-15 early filing**

Employers who use HMRC's Basic PAYE Tools will be able to make their first 2014-15 submissions from 3 April 2014, provided that they have the 2014-15 version on their computer. Do **not** download Basic PAYE Tools for 2014-15 until you have done the last payroll submission for 2013-14 and done the final submission of PAYE reports. Once the new 2014-15 Basic Tools is downloaded you can send information across for a payment run that will take place in early April but after 5th April. ■

**Done something wrong in the 2013-2014 Year?**

If you find out before 20 April send another FPS but **don't** do another set of additional questions and declaration.

After 20 April send an Earlier Year Update (EDU). These only show the amount of a correction.

- If you should have reported £2300 but actually reported £1900 then put £400 on the EDU
- If you should have reported £3000 but actually reported £3300 then put -£300 on the EDU. (It will accept negative numbers). ■

**Forgotten to indicate that your last submission was the final submission for the year?**

If you simply did not fill in the questions and answers for the final submission of the year, send an EPS for the period and indicate that is your final submission for the year. It will allow you to complete the questions and answers and submit. ■

**More on CITB levy**

HMRC published a note on 29 January 2014 advising customers about a proposed change in their attitude to deductions in respect of CITB levy from 6th April 2014. The JTC made representations about that published note and they have withdrawn it. They have confirmed that where contractually agreed deductions such as insurance charges, amounts equal to the 'CITB levy' or any other training costs are deducted before payment then CIS is only operated on the amount paid after any deduction for materials and VAT.

VAT is also to be treated as it was before the January statement in respect of contractually agreed deductions. ■

**If you have any queries please contact**

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