

JTC NEWSLINE

Issue 69

August 2014

Changes proposed to the CIS Scheme

There is a consultation in progress on changes to the CIS scheme. The consultation runs until 22 September – a dangerous time for construction because few firms are watching and therefore less likely to respond.

Contact Liz Bridge at Liz@thetaxbridge.com for a copy of the consultation document so that you can read the fine detail. **Make sure you complete the attached questionnaire and return it to Liz Bridge.** Do not let HMRC slip uncomfortable changes through without a comment. ■

Do you ever pay a fine or penalty or an FFI to the HSE?

If you break health and safety laws, HSE may recover its costs from you by charging a fee for the time and effort it spends on helping you to put the matter right, investigating and taking enforcement action.

HSE's inspectors inspect work and sites and investigate incidents and complaints. If, when visiting your business, they see material breaches of the law, you will have to pay a fee (FFI). The fee is based on the amount of time that the inspector has had to spend identifying the breach, helping you to put it right, investigating and taking enforcement action.

This fee is not a penalty for tax purposes and can be tax deducted.

Remember as a general rule no fine or penalty imposed by law is tax deductible. What is paid to the HSE in the circumstances described is a fee. ■

Company cars

Visit Gov.UK for a useful link to a free ready reckoner which makes it easy to calculate the benefits of a company car. It shows how the cost of a car benefit keeps rising even if you don't change the car because the percentage applicable to an emission increases each year.

Visit www.gov.uk/government/publications/ and enter "company car tax rules 2017" in the search field ■

CITB Levy

The proposed changes to the Levy are still going ahead though they need changes to legislation. To find out what you would pay under the proposed new system and to obtain further details of the changes use the Levy calculator.

Visit www.citb.co.uk/levysimplification. ■

RTI - watch your service messages

HMRC plan to alert employers that have missed the due dates for full settlement of PAYE and CIS, that is to say have paid 'short'. Penalties for Real Time Information (RTI) compliance start in October 2014 and it is important to make sure that your business is fully compliant by then and that you know what you are doing.

Many people may get a message warning of short payment because they have paid what they know they owe but have failed to send in an Employer Payment Summary (EPS) showing why the tax due for the month is less than the initial submission. Send in an EPS late if necessary!

Many firms were in the habit of paying PAYE 'short' at times of cash flow crisis. **Be warned** - the RTI system is about to change gear and less than full payment on time will trigger penalties and interest. If you can't pay in full phone the Business Tax Helpline before the due date for payment to arrange instalments. ■

New fuel markers in red diesel

It has now been decided that the implementation date for the new fuel marker will be 1 April 2015, when all rebated fuel supplied will have to contain the new mix of markers. ■

Demolition and dismantling - employees living away from home on subsistence allowances

If you pay employees subsistence allowances tax free under the DICB National Working Rules it is essential that you get them to sign a certificate that they live away from a home where they incur costs. This certificate has just been simplified and revised, email Liz@thetaxbridge.com for a copy

This is not a business choice. If you do not get these certificates signed the allowances are taxable. ■

Changes to pensions announced by Chancellor on 21 July 2014

Further details of the changes proposed in the budget are now available. If you are interested, email Liz Bridge who can send you a good explanatory note produced by Hargreaves Lansdown. ■

Continued overleaf

CIS - do you send in CIS returns on paper through the post?

Stop it you dinosaur! The tribunals system sat this month on a number of cases where penalties have been charged for late returns where they were probably posted in time but were held up in the post. It is now plain silly not to do CIS returns online. ■

If you have a query about any of the issues raised in this issue of Newsline please contact Liz Bridge.

CONTACT: Tel: 020 8874 4335 or email
liz@thetaxbridge.com

Please continue to the next page to complete the CIS Scheme questionnaire

JTC QUESTIONNAIRE

August 2014

CIS is going to change again - get your views heard

Please complete the questionnaire and return a scanned copy to Liz Bridge at Liz@thetaxbridge.com or send to 13 Fawe Park Road, London SW15 2EB.

Not all questions will apply to you. Scan through all the **RED** questions and just answer those that are relevant to you. Please be as frank as possible, all truthful responses are gratefully received. The questions you might be able to answer go right to the end – do not stop half way. **ALL REPLIES WILL BE KEPT CONFIDENTIAL.**

For those firms who do NOT have gross CIS status now

1) Why do you not have gross status?

2) What do you like about net status that would mean you wanted to stay net if you now qualified for gross status?

3) Have you ever applied for gross status? If so, what happened?

4) If the turnover threshold which allowed gross status was reduced for companies and partnerships from £200,000 to £100,000 would it help you get gross status and would you bother?

5) If the compliance tests were changed to allow firms who paid PAYE, Income Tax or Corporation tax late to keep their gross status (interest and penalties would still be charged), but late payment would not result in the loss of gross status – would this help you to get or retain gross status? .

6) Because you are paid under deduction of tax you or your accountant will have to do an end of year reconciliation to claim a refund. Some net paid companies can set off CIS in year against PAYE due from them but there are always problems establishing the CIS tax deducted where statements of deduction are wrong or go missing. Would you like access to your own online account where you could see the tax that had been stopped by contractors from the payments made to you as it appeared on their CIS returns?

7) Would an online account, where you could see the tax deducted from payments made to you, help reduce your compliance costs?

For those who send in paper CIS returns

8) Why do you use paper returns and not make online returns?

9) If online returns became compulsory – like VAT returns – what could HMRC do to make it easier for you to do them online?

For those who have sent in returns late, or might do, and need to appeal

10) Would you like an online appeal system?

For those who verify subcontractors by phone

11) If the system was changed to make verification an online system ONLY so there was no telephone verification how would this affect your business?

12) If removing telephone verification goes ahead how could HMRC help you overcome any difficulties you foresee?

13) If there was only online verification what added costs would you have?

For everyone - because everyone verifies workers

14) Do you have views on how verification can be improved?

For everyone - because everyone verifies workers (cont'd)

15) What do you think would be the effect on the industry if it was only necessary to verify subcontractors who claimed to be gross? (Everyone else would be automatically under deduction – you would simply relay the taxpayer name and UTR details supplied to you by net paid subcontractors without further checks)

16) If a smart phone 'app' was available to allow verification would it be helpful?

17) If a smart phone 'app' was available would you be likely to use it?

18) If a new online verification system had a search facility so that you could verify a subcontractor you have previously used quickly or verify details when part of their information is incorrect (name misspelt or UTR transposed) would this be useful?

19) If a new online verification system had a search facility so that you could verify more than one subcontractor at a time would that be helpful? Very helpful?

Do you participate in Joint Ventures?

There is a proposal which may simplify CIS registration for Joint Ventures – email Liz@thetaxbridge.com and she will send you details.

Do you only ever pay gross paid subcontractors? (You never pay net subcontractors - paying out of a JV for example)

20) If you only ever pay gross paid subcontractors and you were given the opportunity to withdraw from CIS for the purpose of making returns would you take it? (you would have to continue to verify all subcontractors because that would be the only way to ensure they were gross paid.)

CONTACT DETAILS

Please provide a contact name and email address and phone number just in case Liz Bridge needs to talk to you about your answers. All replies will be kept confidential - Liz will only need contact details to explore where replies are interesting and unusual!

Name

Company

Email

Phone