

JTC NEWSLINE

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Do you want to keep your CITB Levy bill down?

In the new CITB Levy calculation, which will apply to the 2016 return (this covers the period April 2015 to April 2016) you will pay more Levy if you pay CIS net paid subcontractors rather than CIS gross paid subcontractors. It is therefore important to encourage your CIS paid subcontractors to apply for gross status if they can possibly achieve it.

If your own firm is net paid, find out why and ask if you could have gross status. Your main contractors will be looking for gross paid subcontractors with a keen eye after April 2015.

By way of encouragement it seems likely that in response to the 2014 consultation on the CIS scheme, HMRC will relax the compliance tests for getting gross status. This is because the financial penalties for paying tax late and sending in late returns are now so heavy that it is thought unfair to have two 'penalties', money and loss of gross status. However the legal changes to relax the compliance tests for CIS will probably take a year to get onto the statute book. Try and get gross status now, and if you fail try in a year's time – no harm done. Gross status is advantageous, cashflow is improved and paying contractors may prefer you over net paid subcontractors. ■

Holiday pay based on basic pay plus overtime?

As you will know there has been a case before the Employment Tribunal which held that holiday pay should be calculated to include overtime pay as part of the underlying calculation of the holiday pay due. This case may be appealed and run for many months yet. However, if you do pay overtime but do not include overtime pay in your basic calculation of holiday pay, you should talk to your accountants about making a provision in your accounts. You may have to meet claims for holiday pay in the year ahead as the knowledge of the issues spread.

If you would like to see the CBI briefing issued on the case contact Liz Bridge - Liz@thetaxbridge.com ■

National Minimum Wage

The National Minimum Wage rates after 1 October 2014 are:

- For workers aged 21 and over - £6.50
- For workers aged 18 to 20 - £5.13
- For workers aged under 18 - £3.79
- Apprentice rate - £2.73

RTI PAYE Employment Payment Summary (EPS)

From October 2014 employers can indicate on the EPS the tax month the EPS credit should be allocated against. Commercial software and HMRC's Basic Tools should all have the functionality. Validations will make sure that the tax months can be submitted only within the relevant dates. This means that an EPS credit and full payment submission could both be related to the same tax month.

Another change will allow the submission of a longer period of inactivity on one EPS. The maximum allowable period is now 12 months. ■

Scottish rate of income tax

A Scottish rate of income tax will be introduced from 6 April 2016. HMRC will administer it and it will be applied to the non-savings income of those defined as Scottish taxpayers. The definition depends on where the taxpayer resides not where they work. Someone with no fixed home in either country will be expected to count their days spent in each country.

HMRC expect to contact individuals in the autumn next year to say if their records indicate a Scottish place of residence. HMRC will tell employers whom they should treat as Scottish taxpayers by identifying them with a Scottish tax code. Employers will need to operate tax tables and perform a tax calculation appropriate to the Scottish rate of income tax set by the Scottish Parliament. ■

Holiday entitlements for the year 1 January 2015 to 31 December 2015

The Construction Industry Joint Council (CIJC) have published the latest holiday entitlements document for 2015. If you would like a copy contact Liz Bridge - Liz@thetaxbridge.com ■

Do you pay lodging allowance/subsistence under the National Working Rules of the CIJC?

If you do, do you get your employees to complete lodge certificates and are your certificates refreshed annually? The last page of this edition of Newsline is the new Lodge Certificate authorised by HMRC. It is clearer for all concerned. Make sure you begin to use the new version when you renew any certificates. Take care you are not paying NWR lodge allowances to people maintaining a home outside the UK. ■

Continued overleaf

Coding out tax debt

HMRC can currently code out tax debts of up to £3,000 by adjusting a PAYE code. The coding limit is now to increase for those with earnings over £30,000. The limits are staged. The most that can be coded out is £17,000 for those earning more than £90,000. HMRC will apply an override which will limit tax deductions to 50% of pay.

If you cannot afford to have arrears coded out you will normally be expected to pay the full amount owed but it is always worth speaking to the tax helpline. ■

Personal tax summaries

HMRC are sending a personal tax summary for the tax year 2013-2014 to around 16 million taxpayers whose tax affairs for that year are finalised. A further 8 million are going to be able to view their tax summaries online. Each summary will show how an individual's tax and NIC has been calculated together with a breakdown of how these taxes have been spent!

There is nothing to do with a tax summary once you have one unless it shows something you think is wrong. The personal tax summaries are designed to make us all feel more involved as taxpayers and members of society and to help us understand what we are paying, how and why. ■

Late 2013/2014 tax returns

If you have not made a 2013/14 tax return yet do **not** file a paper return now. Go online and file online. The online deadline is 31 January 2015. The deadline for paper returns has passed and you **will** be penalised for a paper return. ■

Phishing emails purporting to come from HMRC

Do take care not to open or reply to any email which purports to come from HMRC and promises a tax refund. HMRC will never contact taxpayers due a refund by email. Please forward suspicious emails to phishing@hmrc.gsi.gov.uk ■

Interesting bags!

Scotland introduced a compulsory charge for single use carrier bags on 20 October 2014. All traders must charge 5p. Traders who are VAT registered must treat the sum received as 4.17p as for the bag and 0.83p as VAT. All sums collected form part of trading profits for income tax and corporation tax. ■

HMRC RTI Basic Tools package - 2014/2015

The HMRC Basic Tools free software for the 2014/2015 tax year has been updated as at the end of October. Make sure you download any necessary upgrades. ■

If you have any questions regarding any of the issues raised in this edition of Newsline please contact Liz Bridge.

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

Application for Subsistence Allowance Paid under the National Working Rules

Employer's Name:

Employer's Address:

Employee's Name:

Date: Employer's pay ref: NIC No:

To be completed by Employee

I certify that my permanent home address is:

This is where I normally live. I would travel to work from this address if I had not been given work away from home. The distance I have to travel to the allocated project means that I will live away from home for the length of the project during the working week.

My temporary address is:

My temporary site is at:

I have been sent by my employer to work at the above temporary place of work. I have had to incur additional living expenses by taking lodging at the above temporary address.

Yes

I have the following dependants living at my permanent address (wife/husband, common law wife/husband of two years or more, civil partner, dependent child under 18).

(Names)
.....

Or

I have no dependants but I have to pay the costs of keeping up a permanent home in the UK while I work away on site. (For example I pay rent or a mortgage, or the costs of gas, electricity, water and council tax to keep my home.)

Yes

Signed:

I understand that if I sign this form and the statements made on it are not true I may be liable for tax on the lodging/subsistence allowances paid to me.

I agree to tell my employer and HMRC of any changes which affect this statement.

Signed:

Print Name:

To be signed by Employer

I confirm that the permanent address given above by (employee's name)

is the address at which we understand they live and is being used as their home address for our personnel

Signed:

Date:

Role in Employer's company: