

JTC NEWSLINE

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Email reminders from HMRC

HMRC are increasingly using emails to contact and remind taxpayers of outstanding returns and payments. They are worried that their emails will be confused with phishing emails and either ignored and deleted, or that taxpayers will open phishing mail and act on it. They have developed a three point 'protocol' /set of rules:

- HMRC emails will simply remind a taxpayer to file a return or pay tax, or notify a general change.
- HMRC emails will never contain financial information such as details of outstanding payments or tax refunds due. So emails will **never** show any figures – nor will they have active links – no “click here to find out more”. You will never need to open an HMRC email any further than the first message that appears.
- Emails from HMRC will **always** show the department's logo and the taxpayer's full name as shown on their records.

The next big issue of email reminders from HMRC will be to people who have not submitted a 2013/14 tax return or have not paid the tax due on 31st January.

Expect the travel allowances of workers supplied through agencies to be taxed from April 2015

There is a consultation currently taking place on how - **not if** - to tax the travel and subsistence allowances of workers supplied through agencies. Whichever legal route is used, these allowances are to be taxed and the start date is likely to be April 2015. ■

Builders repeatedly buying old houses and renovating them

There has been yet another case at Tribunal where HMRC refused private residence relief to a builder who bought, occupied and refurbished, and then sold four houses in ten years. He was held to be taxable on the profits of house two and four. Take advice if this is your lifestyle. ■

Auto-enrolment for pensions

The Pensions Regulator is warning that only 43% of employers staging between June and November 2015 and 28% of those staging between January and November 2016 were planning for the right date. A staging date tool and a planning tool are available to check your date and plan for the introduction at www.tpr.gov.uk ■

Prompt payment discounts

Revenue and Customs Brief 49/2014 has been issued. From April suppliers will enter the VAT invoice into their accounts and record the VAT on the full price. They must also show the rate of any discount offered. It is not a legal requirement but it will be helpful and good practice if invoices also show the discounted price, the VAT on the discounted price and the total amount due if the discount is taken up.

At present a firm offering a discount for prompt payment can show the discounted VAT on the invoice and account for it to HMRC even if the amount finally paid is the full amount not discounted.

In future the supplier **must** account for VAT on the amount actually received and the customer can recover only the amount actually paid.

Take care - builders merchants sometimes offer prompt payment discounts. If you are invoiced and recover the full amount as the invoice is received, but pay the discounted amount because you pay quickly, you will need to adjust your VAT recovery. ■

RTI late filing penalties

Late filing penalties began on 6th October 2014 for firms with 50 or more employees. Employers that have incurred these penalties will receive quarterly notices by post from the beginning of February 2015.

More than one penalty can be shown on a notice but each will have a unique reference number for appeals purposes. Appeals are best done online. The online system gives an instant acknowledgement but does not have a print function(!) so make a screen copy as a record. ■

Corporation Tax (Northern Ireland) and Landfill Tax (Wales)

The Corporation Tax (Northern Ireland) Bill and the Wales Bill have been published. These will allow these countries tax powers to set their own Corporation Tax rate from April 2017 (Northern Ireland) and Landfill Tax, and Stamp Duty and Land Tax (Wales).

The current rate of Corporation Tax in Northern Ireland is 21% compared with 12.5% in the Republic of Ireland so any change may be downwards. ■

Continued overleaf

Intermediaries providing construction labour

From April 2015 quarterly returns are required from all intermediaries which do not operate PAYE on the labour supplied. The returns must show details of all workers and the payments on which PAYE was not operated.

HMRC will not be issuing reminder letters. This is a dangerous area. Labour supplying intermediaries **must** get ready to file a first return for the quarter ending 6th July or trigger penalties. ■

NIC rates 2015/16

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| Lower earnings limit, primary Class 1 | £112/week |
| Upper earnings limit, primary Class 1 | £815/week |
| Upper accruals point | £770 |
| Primary threshold | £155/week |
| Secondary threshold | £156/week |
| Employees' primary Class 1 rate between primary threshold and upper earnings limit | 12% |
| Employees' primary Class 1 rate above upper earnings limit | 2% |
| Employers Class 1A | 13.8% |
| Class 2 rate | £2.80/week |
| Small earnings exception Class 2 | £5,965/year |
| Class 3 rate | £14.10/week |
| Class 4 lower profits | £8,060/year |
| Class 4 upper profits | £42,385/year |
| Class 4 rate between lower and upper | 9% |
| Class 4 rate above upper rate band | 2% |

End of year RTI process

HMRC have announced that employers will no longer need to complete the checklist in the year-end PAYE return. Last year the checklist was seven questions asked when making the final FPS (full payment submission). Good News! Many employers couldn't answer these questions immediately and they held up the final submission and tied many in knots. ■

Asking for time to pay taxes

If you cannot pay tax on time you will be penalised **unless** before the due date you contact HMRC and ask for a time to pay agreement.

These are discretionary but HMRC would rather collect tax by instalments than not at all. To get a time to pay agreement you must -

- Contact HMRC before the due date – they cannot waive penalties if they agree time to pay after the due date.
- Satisfy HMRC that you can pay the agreed instalments as they fall due.
- Satisfy HMRC that all other tax liabilities falling due within the instalment period will be paid in full as they arise. ■

Changes to red diesel start 1st April 2015

From 1st April there will be a new marker added to red diesel so that genuine legal red diesel can be more easily identified by officers doing checks than is currently the case. It will also be easier to identify engines that have ever run on red diesel. Please be aware of the changes and if you have equipment that may be prone to malfunction with a new marker you should talk to your diesel supplier. ■

Self-employed Class 2 contributions

From April 2015 most people will pay Class 2 NIC by inclusion of the amounts due in their self-assessment tax payments. No new applications to pay by direct debit are being accepted. ■

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