

So what did the Autumn Statement offer the construction industry?

Changes to the CIS Scheme

Do not panic. Yes there will be changes but they are small and most will not affect you.

- By 6 April 2017 online verification will be mandatory but there will be a better computer system which will be able to verify with fewer details and there should also be a telephone emergency backup line.

- By 6 April 2016 all returns will be online and it will be possible for a company to get gross payment status with a turnover of £100,000 rather than £200,000 as now. It will be possible to get and to keep gross payment status even if some PAYE, Income tax or Corporation tax has been paid late. There are heavy financial penalties for paying late and HMRC have conceded that these are 'enough'.

Joint ventures will find it easier to get gross payment status where one member of the joint venture already has gross payment status. This will make organising the CIS gross status and therefore planning the cash flow of most joint venture companies much easier.

- By 6 April 2015 there will be no legal requirement to send in nil returns where a firm does not pay any subcontractors that month. Nil returns will be voluntary. This means that unless a nil return is submitted a penalty notice will be issued **but** that once HMRC know that no subcontractors were paid they will be able to vacate the penalty. That will stop the present fiasco where small traders get hefty penalties for doing nothing but erroneously think they can do nothing!

PAYE and umbrellas in a storm

We have been told that the Government will stop tax relief from being claimed on reimbursed business expenses when they are paid in conjunction with a salary sacrifice scheme. This is a targeted attack on the increasingly popular arrangements that connect travel and subsistence payments to salary sacrifice. This is most commonly done, in construction, by agencies and umbrella companies whose employees are mobile construction workers, where part of basic salary is converted into supposed allowances to refund the costs of travel to site and subsistence. These allowances are then paid tax free. (These are workers who have not historically been paid travel and subsistence allowances in addition to pay). For umbrella companies the legislation will be enacted quickly with a start date of April 2015. This should level the field for the PAYE treatment of workers coming through agencies.

PAYE Trivial benefits exemption

A statutory exemption will be introduced for trivial benefits in kind costing less than £50 provided to employees. This is very welcome in construction where a small gift or provision of an employer provided meal to everyone working late on a site can currently trigger enquiries at a PAYE inspection.

NIC and apprentices

From April 2016 Employers NIC up to the upper earnings limit (UEL, £815 per week from 2015/16) will be abolished for under 25 year olds working in recognised apprenticeships. Employee contributions will remain.

PAYE payrolling benefits

Currently many benefits do not get taxed until the following year when they are coded out. There will be a statutory measure enacted to start in April 2016 to allow and encourage those employers who wish to do so, to payroll benefits as they happen, so that no arrears of tax build up and so that employers have far fewer P11Ds to complete.

Landfill Tax Changes

There are two rates of Landfill Tax, a standard rate (currently £80 a tonne) and a lower rate (currently £2.50 per tonne). Landfill operators are required to determine whether waste material they put into landfill qualifies for the lower rate.

The lower rate can be applied to waste loads where they are essentially made up of qualifying material. Issues arise where operators are required to establish and evidence the contents of 'fines' (small fractions of material that may contain material that qualifies for the lower rate such as naturally occurring soils, together with other material that does not qualify).

The government announced a 'loss on ignition' test regime from 1 April 2015. This is a laboratory test regime which will determine the biodegradable and combustible content of waste, indicating the proportion of the waste that has polluting potential and therefore should pay the higher rate of tax. Where the test indicates that 10% or less of waste is polluting, the waste will qualify for the lower rate of tax.

There will be a transitional 12 month period where this threshold is set at 15%.

Continued overleaf

So what did the Autumn Statement offer the construction industry? cont'd**VAT prompt payment discount**

Where a discount is offered for prompt payment, VAT must be charged on the amount actual consideration received from 1 April 2015. Any firm that has offered discounts for prompt payment should rework its VAT charging software and/or policy immediately.

Business Rates

Support for business will be extended to April 2016 by

- Continuing the doubling of Small Business Rate Relief for another year.
- Extending the 2% cap on the retail price index increases in the business rates multiplier for a year.
- Giving additional support to retail shops.

Employment/self employment and the Office of Tax Simplification

The Office of Tax Simplification is an independent body which advises the Treasury on tax matters. It is currently looking at the issues surrounding the difficulty for employers and employees of deciding whether employment status is necessary and appropriate.

If you have views please complete a short survey – it takes about 15 minutes, via the following link -

<http://bit.ly/OTSEmploymentstatussurvey> or visit <https://www.gov.uk/government/publications/employment-status-review> - scroll down to where it says 'details' and follow the link.

The survey has been created by the Office of Tax Simplification to test the views of industry.

It is really important if you want a legislative change to force more employment as opposed to allowing bogus self employment, or you want legislation to allow more genuine options for self employment, that you complete the survey.

Questions include:

- Who drives the employment status decisions? The engaging business, the individual, or a third party advisor?
- What are the uncertainties, if any, around employment status questions in the tax system?
- Is tax/NIC the main driver in how a business chooses to engage people?

Liz Bridge, the writer of Newsline, is a participant in the committee discussing the options so construction is being represented in this review. ■

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

These rates apply from 1 December until further notice.

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. ■

Engine Size	Petrol	Diesel	LPG
1400cc or less	13p		9p
1600cc or less		11p	
1401cc - 2000cc	16p		11p
1601cc - 2000cc		13p	
Over 2000cc	23p	16p	16p

Holiday Pay

As you may already know, the way in which holiday pay is calculated has changed based on both recent EU and UK case law.

The Construction Industry Joint Council (CIJC) is in the process of negotiating amendments to the Working Rule Agreement with the signatory Trade Unions and they are looking to convene a "special" meeting prior to the next scheduled regular meeting on 25 March so that new arrangements can be promulgated prior to the Easter holidays.

Meanwhile ACAS have issued new advice on how holiday pay should be calculated. For more information visit <http://bit.ly/calculatingholidaypay> ■

Scottish Taxes

Revenue Scotland now has its own website at www.revenue.scot. The website includes guidance on the new land and buildings transaction tax along with calculators and the Scottish Landfill Tax. It will no doubt grow as time goes on. ■

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