

# JTC NEWSLINE

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## Employment Allowance – save £2000 NIC

The Employment Allowance is available from 6 April 2014. If you are eligible you can reduce your employer Class 1 NICs by up to £2,000 each tax year. You can claim the Employment Allowance if you are a business or charity (including Community Amateur Sports Clubs) that pays employer Class 1 NICs on your employees' or directors' earnings.

If your company belongs to a group of companies only one company or charity can claim the allowance. It is up to you to decide which company or charity will claim the allowance. You can only claim the £2,000 Employment Allowance against one PAYE scheme - even if your business runs multiple schemes.

### How to claim

You can use your own payroll software (see your software provider's instructions), or HM Revenue and Customs' (HMRC's) Basic PAYE Tools to claim the Employment Allowance.

When you make your claim (using the software of your choice), you must reduce your employer Class 1 NICs payment by an amount of Employment Allowance equal to your employer Class 1 NICs due, but not more than £2,000 per year.

For example, if your employer Class 1 NICs are £1,200 each month, in April your Employment Allowance used will be £1,200 and in May £800, as the maximum is capped at £2,000.

Once made, HMRC will automatically carry your claim forward each tax year. So at the beginning of each year you should check your circumstances haven't changed. You will be able to see how much of the Employment Allowance you have used in 'View PAYE Liabilities and Payments' in HMRCs Online Service.

### Excluded employers

Personal and Managed Service Companies who pay contract fees instead of a wage or salary may not be able to claim the Employment Allowance as you cannot claim the allowance for any deemed payments of employment income.

Service companies can only claim the allowance if they pay wages and have an employer Class 1 NICs liability on these wages. ■

## New timetable for implementation of Real Time Information automated penalties

HMRC has decided to stagger the start of new, automated, in-year late payment and filing penalties, to give HMRC and employers more time to adapt to reporting in Real Time. This is because whilst some people are coping well, others are not, and there are some major problems with the dashboard. It does mean that everyone has a further 6 months to sharpen up.

They have now decided to introduce the new penalties in stages:

- **From April 2014:** in-year interest on any in-year payment not made by the due date.
- **From October 2014:** automatic in-year late filing penalties.
- **From April 2015:** automatic in-year late payment penalties. ■

## Red Diesel – A new marker to be introduced

The Government announced on 13 February that the UK and Irish Governments are introducing a new fuel marker, to be produced by the chemical company Dow Chemical Company. This is a move that will boost both countries' fight against illegal fuel laundering and the new marker will help HMRC tackle the criminal market in off-road diesel (marked with a red dye in the UK) and kerosene, (primarily used as heating oil).

The new product will be introduced as an additional marker rather than as a replacement for an existing one. The Government recognises the construction industry is a big user of off-road diesel and so it is important that consideration is given by businesses to ensuring that they will be able to continue to operate machinery and vehicles without any problem after the introduction of the new marker in fuel. If you have very old or delicate machinery or vehicles that might not be compatible with a new marker you are advised to check compatibility and what adjustments will be necessary. ■

## Watch out if you trade in the Midlands

HMRC have launched a "taskforce" to focus on construction firms trading in the Midlands. It will be looking at, in particular, VAT avoidance and firms suppressing turnover. ■

### **VAT - Who is a student? Relevant residential buildings**

**VAT information sheet 2/14** has been issued to update the guidance in Notice 708. It defines who is a student (the obvious candidates) but also explains who is not a student for the purposes of the VAT liability of construction work to buildings used for a relevant residential purpose.

Students are **not** people attending summer schools that offer life enhancing experience or promote greater cultural or spiritual awareness where the subject matter of which is deemed to be a hobby or leisure interest rather than educational or vocational training to an academic standard. Similarly, people attending religious retreats will not qualify as students. ■

### **VAT Information Sheet 4/2014 - Relevant residential buildings**

This has been issued to add light and air to the issues surrounding buildings which might qualify for zero rating as dwellings and qualify as relevant residential buildings as well – student accommodation and supported housing for the elderly. ■

### **Floods - Tax help launched**

HMRC are offering to -

- Agree instalments where taxpayers cannot pay taxes as a result of the floods.
- Agree a practical approach where vital business records have been lost.
- Suspend debt collection for those affected by floods.
- Cancel penalties where the taxpayer has missed a statutory deadline.

There is a helpline - **0800 904 7900**. ■

### **CIS Repayment Claims**

If you are going to make a CIS repayment claim as soon as the tax year ends make sure that your final EPS and FPS have gone and that your PAYE dashboard reconciles before sending in your claim.

HMRC will start processing claims on 20 April but there is no point sending in a claim if your PAYE liability cannot be determined and cleared against your payment history. Normally about 15% of claims get held up because the tax claimed for set-off cannot be reconciled against the contractor records – collect up your statements of deduction now. ■

### **CIS - Non resident subcontractors**

There are reports that non resident subcontractors are having difficulty registering for CIS. If you have a subcontractor in this position get them to email [Liz@thetaxbridge.com](mailto:Liz@thetaxbridge.com). ■

### **CIS - Statements of Tax Deducted**

There are reports that some firms fail to issue Statements of Tax Deducted to subcontractors paid net. **This is a serious offence**. Please check that your firm issues them as a matter of routine. ■

### **CIS - Offshore wind farms**

Take care. If these are constructed inside UK coastal waters the CIS scheme applies whether or not the subcontractors are based in the UK. ■

**If you have any queries please contact  
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