

JTC NEWSLINE

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Mandatory online filing of CIS returns and verifications

From April 2016 everyone will have to use the online service for CIS returns. HMRC will no longer be accepting any paper return forms from that date. This change will see the introduction of online amendments, online messaging and alerts.

From April 2017 everyone will also have to use the online service for verification. HMRC will no longer accept telephone verifications from that date but they have promised improvements.

Contractors who currently send paper returns will need to register for HMRC's online services as an 'organisation' ahead of the April 2016 deadline. To register online you'll need your HMRC employer reference and Accounts Office (AO) reference.

If you want to use commercial software, there is a list of software providers whose product has been accepted by HMRC on the gov.uk website. ■

New advisory fuel rates for company car drivers apply from 1 March 2016

Advisory fuel rates are set by HMRC. The previous rates can continue to be used until 1 April 2016.

- Employers can use these rates to reimburse company car drivers for business fuel.
- These rates should not be used in relation to vans.
- Hybrid cars can be treated as either petrol or diesel cars for this purpose.
- 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	10p		7p
1600cc or less		8p	
1401cc - 2000cc	12p		8p
1601cc - 2000cc		10p	
Over 2000cc	19p	11p	13p

Do you have a car pool?

If you have a car pool check that you are operating it according to the rules. Many people who think they have a pool and therefore no tax benefits do not have any idea what the rules actually are and are an easy catch for an HMRC audit. ■

Penalties: self-assessment late filing and payment

Self-assessment (SA) tax penalties: there are tax penalties for both late filing of SA tax returns and for late payment of tax due under SA.

Late filing	Late payment	Penalty
Miss filing deadline		£100
	30 days late	5% of tax due.
3 months late		Daily penalty of £10 per day for up to 90 days (max £900).
6 months late		5% of tax due or £300, if greater.
	6 months late	5% of tax outstanding at that date.
12 months late		5% or £300 if greater, unless the taxpayer is held to be deliberately withholding information that would enable HMRC to assess the tax due.
	12 months late	5% of tax outstanding at that date.
12 months late & taxpayer deliberately withholds information		Based on behaviour: <ul style="list-style-type: none"> ■ deliberate and concealed 100% of tax due, or £300 if greater. ■ deliberate but not concealed 70% of tax due or £300 if greater. Reductions apply for prompted and unprompted disclosures and telling, giving and helping.

A key feature of the new regime is that the late filing penalty is not reduced if tax is paid on time. Interest is charged on both unpaid tax and unpaid penalties. ■

Register of persons with significant control

- From 6 April 2016 Companies and Limited Liability Partnerships (LLPs) will be required to keep a register of Persons with Significant Control (PSC). This register must be available for inspection on request.
- From 30 June 2016 PSC information must be submitted to the central public register at Companies House when making an Annual Confirmation Statement. The Annual Confirmation Statement is being introduced to replace the current Annual Return.
- From 30 June 2016 those seeking to incorporate a new company or LLP will have to send a statement of initial significant control to Companies House alongside the other documents required for an application to incorporate. ■

Businesses affected by flooding

HMRC will accept a reasonable excuse claim for late filing of an RTI return where the delay is caused by flooding (at their business premises or their agent's premises, and the return is subsequently filed without unreasonable delay).

- Late reporting reason should be included on the submission.
- If a penalty is or has been issued, an appeal should be made online using the reason "fire/flood/natural disaster".
- The tax helpline number for those affected by floods and severe weather is 0800 904 7900. The line is open from 8am till 8pm during the week and from 8am till 4pm at the weekends. ■

RTI reporting relaxation for micro-employers is ending

The relaxation of the reporting rules allowing micro-employers with nine or fewer employees to report monthly rather than each time they pay their employees comes to an end in April 2016. HMRC have previously announced that they will be writing to employers who are using the reporting relaxation to advise them that it is coming to an end but you should not rely on this. ■

Employment intermediaries and tax relief for travel and subsistence

Proposed changes to legislation will prevent workers who are employed by an intermediary, such as an umbrella company or employment agency, being able to claim relief for "home-to-work" expenses if they are:

- Supplying personal services, i.e. their skills or labour.
- Under the supervision, direction or control of another person.

Individuals supplying their services through personal service companies will also be prevented from claiming these expenses for contracts falling within IR35. ■

National Living Wage (NLW)

Employers need to make sure that they are ready for the introduction of the NLW for those aged 25 and over, by

- Knowing the correct rate of pay.
- Identifying which staff are eligible for the new rate.
- Updating the payroll in time.
- Communicating changes to staff.

The National Minimum Wage continues to apply for those aged under 25. ■

Apprentices under 25

From April 2016 employers no longer have to make employers' national insurance contributions in respect of apprentices under 25, up to an earnings threshold of £43,000.

- The apprentice must be following a government statutory apprentice framework which vary for the different UK companies.
- Evidence will be needed to apply the relief.
- NIC category H should be used for apprentices under 25, including those under 21. ■

Expenses exemption to replace dispensations

From April 2016 tax and national insurance no longer have to be paid when an employee receives a qualifying expense payment and would be entitled to claim a fully matching tax deduction.

- Dispensations previously agreed will no longer apply from 5 April 2016.
- Benchmark scale rates continue to be available under the exemption.
- Employers wishing to use bespoke scale rates or industry scale rates must apply to do so.
- Employers who have agreed bespoke scale rates since 6 April 2011 can continue to use these until the fifth anniversary of the agreement.
- Employers will have to have a system in place for checking that employees are incurring and paying the amounts and that a deduction would be allowed. ■

National Insurance (NI) numbers

HMRC are asking employers to ask their new employees to look for previous payslips, P60s and other HMRC correspondence to confirm their NI number before the employer contacts HMRC. Plastic national insurance cards are no longer issued. ■

Employers' NIC allowance increases to £3,000

From April 2016 the maximum value of the NIC allowance increases from £2,000 to £3,000. Employers who have already claimed the allowance do not need to do so again; just continue to make appropriate deductions from employers' national insurance contributions. From April 2016 if the director of a company is its only employee, the company is no longer eligible for the employer's NIC allowance. ■

Paying employees and the Full Payment Submission (FPS)

Note that a payment is made for PAYE purposes on the earlier of the date payment is made and the date the employee is entitled to payment.

What date should be included on the FPS as the payment date?

- The FPS payment date should be the employee's regular payday, i.e. the date that they are contractually entitled to be paid.
- If an employee is paid late, the FPS payment date is still the employee's regular pay date.
- If an employee is paid early because the normal payment day is a non-banking day, the FPS payment date is still the employee's regular pay date.
- If an employee is paid early for any other reason, the FPS payment date is the date of payment.

When should the FPS be sent to HMRC?

- The FPS should be sent to HMRC on or before the payment date shown on the FPS.
- In most cases, the regular payday will be the same as the payment date on the FPS, and the FPS should be submitted on or before that date.
- If an employee is paid early because the normal payment day is a non-banking day, the payment date on the FPS remains the normal payment day, and the FPS should be submitted on or after that day.
- If an employee is paid late due to a non-banking day, the payment date also remains the normal payment date. The FPS can either be sent on the normal payment date, or on the actual payment date using late reporting reason G on the FPS.

End of year reporting

The end of year checklist on the FPS is no longer mandatory. HMRC will accept a final FPS for 2015/16 with or without a completed checklist.

The final FPS should be submitted on or before the employees' last payment date of the tax year. Put "Yes" in the "Final Submission for year" field.

An Employer Payment Summary (EPS) should only be sent if:

- You didn't put "Yes" in the "Final Submission for year" field of the final FPS.
- You didn't pay anyone in the final pay period of the tax year. ■

Scottish rate of Income Tax (SRIT)

Although the setting of the SRIT at 10% means that Scottish taxpayers will pay income tax at the same rate as taxpayers in the rest of the UK, employers are still required to apply the 'S' PAYE code if they receive notification to do so from HMRC.

Employers need to make sure that their IT systems will allow them to report the 'S' code as appropriate. Identifying Scottish taxpayers is the responsibility of HMRC and not employers. ■

Paying HMRC

HMRC have begun issuing letters and booklets relating to the 2016/17 tax year.

P30B Paying electronically: this letter will be issued to employers who pay HMRC electronically. It should arrive in time to make the first payment of 2016/17 but if it does not, HMRC advise that the PAYE accounts office reference remains the same and should be used when making the PAYE payment.

P30BC Employer Payment Booklet: this will be issued to those employers whose payment method requires a payslip. This should arrive in time to make the first payment of 2016/17 but if it does not, HMRC suggest the following:

- Contact HMRC on 0300 200 3401 to see if a duplicate can be issued.
- Print off a replacement payment slip.
- Visit www.gov.uk/pay-payee-tax for details of how to pay electronically.

The electronic payment deadline for PAYE is the 22nd of the month following the end of the tax month or quarter to which it relates:

- Payments sent by Faster Payment and CHAPS are debited from your account and credited to HMRC's account on the same day.
- Payments by Direct Debit and BACS are debited on the 3rd bank working day, where day 1 is the input day and day 2 is the processing day.

The important date for late payment penalties is the date that HMRC receive the payment, not the date that it leaves your bank account. ■

Student loans

From April 2016 there will be two types of student loan: Plan 1 and Plan 2.

- The two plans will have different starting thresholds - £17,495 for Plan 1 and £21,000 for Plan 2.

■ Employers should continue to make deductions from existing employees using Plan 1. If their plan changes in the year a new form SL1 will be issued to the employer.

- Employers will have to check with new employees which plan they are on. P45 forms will only indicate whether the employee is repaying a student loan but will not indicate the plan type.

■ HMRC's starter declaration checklist from April 2016 will include prompts to establish a new employee's plan type.

- If employees do not know their plan type, employers should use Plan 1 by default.

■ If an employer receives an SL2 stop notice, they should make no further deductions from the employee. Repayments should **not** be made to the employee. ■

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