

# JTC NEWSLINE

Issue 66

May 2014

## **PAYE from intermediaries - news to date**

If you have been sourcing labour from agencies and intermediaries, the new legislation introduced in April 2014 should mean that the workers are now paid under PAYE in most cases. If an agency approaches you and says that with new contractual terms it can still provide labour at self-employed rates, be careful what you sign. Some intermediaries are producing contracts in which the client signs to clauses that he does not and will not purport to exercise direction or control in the manner in which work is done. These clauses move liability for PAYE from the agency to the client. (The client has in effect given the agency false evidence that PAYE is not deductible).

**Take great care** – signing these new contracts could give you cheap labour in the short term and much more than headaches and ulcers long term. ■

## **Real Time PAYE**

There is a still confusion over which month the Employer Payment Summary (EPS) credit is allocated to. Since this is not specified on the EPS, this is not really surprising. It is worth being a bit canny and not submitting your EPS as soon as you can. In brief, to recover statutory payments, CIS and employment allowance, submit from the 20th of the current tax month (i.e. only after the remittance date for the previous month) to 19th of the following tax month. However, if there have been no payments of earnings in a month, and a 'nil payment' EPS is required, submit it from 6th to 19th of the following tax month (i.e. after the end of the tax month in which no earnings were paid, but before the due date for remittance of deductions).

## **Alignment of payment made with the tax period**

Incorrect payment made to HMRC when there are both weekly and monthly payrolls, or paying to HMRC deductions for 4 weeks when there are 5 weekly paydays in the month, are both recurrent causes of confusion.

It is the date of payment of the earnings as stated on the Full Payment Submission (FPS), not the period for which the earnings are paid, that sets the date by which PAYE should be accounted for to HMRC. Payments reported in an FPS as made from the 6th to the 5th of the tax month should have the PAYE accounted for to HMRC by the 19th (cheque)/22nd (electronic payment) of that following tax month. ■

## **Accident and life cover from B&CE**

Operatives employed under the terms of the CIJC Working Rule Agreement are provided with both accident and life insurance cover from day one of employment. This cover is normally provided through B&CE although employers are free to utilise an alternative provider so long as the cover specified in the Working Rule Agreement is matched. In practice the vast majority of employers use B&CE who, as a not for profit organisation, are able to provide cover at a very competitive price.

Current claims experience has allowed B&CE to increase the scale of cover to £30,000 for premature death before retirement, and £60,000 for death as a result of an accident at work or coming or going to work. There are also increased benefits for serious accidents at work. Email Liz Bridge for further details - [liz@thetaxbridge.com](mailto:liz@thetaxbridge.com) ■

## **HMRC enquiry centres**

HMRC enquiry centres were the offices where a desperate taxpayer could go to get face to face help when they were at a loss about tax, self-assessment, child credit etc. These offices will all be closed at the end of May 2014 in a cost cutting measure. Taxpayers are now being offered tailor-made personal visits by HMRC staff for one to one help, but they have to brave the telephone system to make an appointment. The numbers are -

<b>For general tax help</b>	0300 200 3300
<b>For general tax help if you are hard of hearing or have difficulty communicating</b>	0300 200 3319
<b>For self-assessment</b>	0300 200 3310
<b>For tax credits</b>	0300 300 3900
<b>For child benefit</b>	0300 200 3100

If you know anyone who tries to get help using this route and would like to give feedback, Liz Bridge would like to speak to them – a lot will hinge on whether HMRC answer their phones. ■

## **CIS tax - wrong rate deducted from a subcontractor**

Seek help before paying any tax you have failed to deduct. Did you make a genuine error and did you take reasonable care? HMRC are showing signs that they are attempting to collect tax on genuine errors, and even penalties – do not just pay to avoid conflict. ■

## CIS - new helpcard for companies reclaiming tax deducted

HMRC has published a new helpcard, ***Repayment claims for limited company subcontractors***, explaining how limited company subcontractors should reclaim any deductions they've had taken from their receipts under the Construction Industry Scheme (CIS).

The helpcard contains a new HMRC undertaking to process repayments within 25 working days from the date of receipt of a claim, where the claim matches the information HMRC holds. Delayed CIS repayments have been a real problem, with some repayments taking many months to be agreed. This has caused considerable cash flow problems for many smaller firms in particular.

The guidance explains how claims for repayment should be made in writing and what information will be needed:

*'When you have filed your company's final Employer Payment Summary (EPS) and all associated Full Payment Submissions (FPS) for the tax year, you should claim any repayment in writing. Send your claim to the address shown at the end of this helpcard. Give the reasons for the overpayment. If you prefer HMRC to make the repayment electronically, give your company's bank details. Remember to quote your full company name and PAYE references.*

*'You do not have to send in any supporting documents with your claim at this stage. If HMRC cannot agree your whole claim, they will ask you for your payment and deduction statements and supporting evidence of receipt. HMRC can still consider a part repayment for the deductions they can agree.'*

There are several ways in which a repayment can now be accessed, including BACS, now that Real Time Information (RTI) is up and running. It can also be set-off against an outstanding Corporation Tax (CT) liability. The options and the information which will be needed in each case are explained on the helpcard. Where there is a mismatch between the amount reclaimed and the information held by HMRC, HMRC will need to take up the discrepancy with the company or its agent, but HMRC will aim to make a part repayment of the amount they can agree and will do so in the 25 days. ■

## Evidence that contractors have to give to the sub-contractor company

Some CIS mismatches can be caused by lack of supporting paperwork from contractors. The HMRC helpcard, ***Repayment claims for limited company subcontractors***, contains a reminder:

*'When your company is paid under deduction, contractors must provide you with written payment and deduction statements, usually within 14 days of the end of each tax month. Check that the contractor gives you a payment statement each time, or month, the company gets paid. Keep these statements safe, as you may need them to support your repayment claim. Tell your contractor if the company didn't receive a payment statement. They must give you an original statement but they are not obliged to issue duplicates. The company can still claim for any deductions for which it does not hold payment statements.'*

**Please let Liz Bridge know how CIS repayments go over the next few months - [liz@thetaxbridge.com](mailto:liz@thetaxbridge.com) ■**

## Redundant barns

The planning rules for redundant barns changed on 6th April 2014 allowing more agricultural buildings to be converted, but take care. The 5% VAT rate is **not** automatic if there are planning restrictions which prevent the new dwelling being sold independently, or if the property cannot be used 365 days a year. Always look at the planning permissions for restrictions and seek help. ■

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

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