

JTC NEWSLINE

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Travel and subsistence consultation

This is just a quiet warning. The consultation on the taxation of travel and subsistence expenses has been extended until 31 January 2015.

The announcement says clearly that the government believes that the problems described by the Office of Tax Simplification are symptomatic of more fundamental issues in the tax rules on travel and subsistence. They acknowledge in the press releases that the rules have failed to keep pace with current working practices. This is code for the message - 'expect the law to change'. No vast legislative change will be done in Budget 2015 because it is immediately before a General election but expect proposals for real changes in the autumn of 2015 with an implementation date in April 2016.

The changes may involve the existing agreements that cover National Working Rule payments for travel and subsistence. ■

Business Rates on show homes

Show homes are subject to Business Rates rather than Council Tax because they are used for a "non-domestic" purpose. For some time, there has been concern at the levels of Rateable Value being applied to show homes, show flats and marketing suites. Often, when analysed, these equate to a greater £/sqm than for high quality modern offices. With Rateable Values for show homes in England and Wales currently totalling around £40million, this means that residential developers are paying almost £20million per annum in Business Rates.

Gerald Eve, the valuers and specialist surveying practice, have written a paper and are eager to talk to any housebuilder who would be interested in feeding into research for the 2017 revaluation exercise. Contact Liz Bridge to get a copy of their paper and get further details. ■

NIC regime encourages 'false self-employment'

The Social Security Advisory Committee has called upon the Government to review the comparative levels of social security contributions and entitlement between the employed and self-employed. They believe the current structure is having a growing incentive to encourage false self-employment. This topic is growing a head of steam behind it again for obvious reasons. ■

PAYE tips from a recent conference

■ If you need to change an employee's payroll number, for example by adding a leading zero to extend the potential range of your numbers, take great care to inform HMRC. The RTI system creates duplicate records for the same taxpayer. Remember that machines have no common sense and watch the tax dashboard to check that amounts due and paid reconcile.

■ If a late starter is not paid during a pay period the employer may want to provide a loan to tide him/her over to the next pay period. This must be a free standing loan, an advance of salary triggers the need to run RTI and inform HMRC before payment.

■ Automatic late filing penalties for firms with less than 50 people on the payroll have been delayed until March 2015 but it is important to get your filing regime into good order now. Check that you are always submitting **before** payment is issued. Penalties were delayed because HMRC are still getting so many late submissions; make sure it isn't you. ■

Incorrect tax calculations issued by HMRC

Be careful if you received a P800 issued by HMRC between 15th September and 8th October 2014. They may be wrong particularly if you work for a large employer. If you work for a large employer please warn anyone you think may be affected. If you are in the affected group check your P800 before making any further payment to HMRC or cashing a repayment cheque and expecting to spend the money! ■

National minimum wage

There is a new calculator on the Gov.UK website that calculates whether the wage you are paying satisfies the legal requirements of the national minimum wage (NMW). This is a useful check if you are a business paying casual cleaners for example, or a small trader paying your partner a wage for keeping books and answering the phone. You should not be paying anyone at rates below the NMW. ■

CIS penalties

If you are charged penalties for a missing or forgotten or incorrect CIS return you must appeal. Recent First Tier Tax Tribunal decisions give the taxpayer a far greater chance of winning on appeal. Contact Liz Bridge and ask for details of Laithwaite and MacDougall. ■

Van Benefits Charge (VBC) for zero emission vans

The Van Benefit Charge exemption for zero emission vans is to be phased out between April 2015 and April 2020.

From 6 April 2015 a Vans Benefit Charge (VBC) will apply for zero emission vans. This rate is tapered and will increase each year until tax year starting 6 April 2020 when it becomes the same as the full van benefit charge as follows:

- 20% of van benefit charge in 2015-16
- 40% of van benefit charge in 2016-17
- 60% of van benefit charge in 2017-18
- 80% of van benefit charge in 2018-19
- 90% of van benefit charge in 2019-20
- 100% of van benefit charge in 2020-21.

For example: If the Van Benefit Charge for vehicles which have CO2 emissions is say £4,000 in 2015/16, the VBC for a zero emission van for that year will be £800, that is a cost of £160 per year for an employee on basic rate tax. The tax cost to the employer will be 13.85% of the VBC in Class 1A National Insurance.

Updating tax codes for 2015/16: HMRC would like to ensure that employee tax codes are updated with the correct amount of van benefit charge in preparation for the start of the tax year 6 April 2015. HMRC has set up a dedicated mailbox so that employers can supply the relevant information for employees who fit the criteria above.

If you have employees who meet the criteria set out above then please send the following information to zeroemissionvans@hmrc.gsi.gov.uk

- Employer name
- Employer PAYE reference
- Employee name
- Employee National Insurance Number

The above information should reach HMRC by 12 December 2014. ■

Scotland Land Tax Rates

The Scottish Government has published the land and building transactional tax rates that will apply to residential land transactions in Scotland from 6 April 2015. Interestingly they have decided to operate a method that applies the higher rates to only the excess, which falls into the higher bands and not the slab structure used in the rest of the UK. For purchases up to £325,000 the charges will be lower than UK stamp duty. ■

CITB Levy - changes to affect businesses from 2016

In May 2016 firms will be asked to complete a 2016 CITB Levy return showing the amounts paid to CIS net paid subcontractors in the year 6 April 2015 to 5 April 2016. These figures, and the amount shown on your payroll to employees, will form the basis of the Levy firms pay in 2017. It would be useful if net paid subcontractors who could qualify for gross status but have not applied because they 'don't mind paying some tax upfront', actually applied for gross status. It will reduce the CITB Levy for any firm who pays them. ■

Employment intermediaries

As you will know, employment intermediaries and agencies now have to operate PAYE on payments they make to the workers they pay. When the legislation came into force in April 2014 the agencies and intermediaries had to begin operating PAYE immediately but were only required to send in quarterly returns showing who they had paid outside PAYE after April 2015.

There is a consultation in place until 25 November on the requirements of these returns. If you are a business which will have to make returns because you supply labour to others on terms akin to those of an agency it is important to get involved. ■

Inheritance Tax - personal representatives

In order to improve the service for those who have been bereaved, form 27 "Reclaiming tax or paying it when someone dies" has been replaced by an online process and a more tailored service. This should allow the affairs of a deceased person to be handled with greater speed and less expense. ■

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

Tel: 020 8874 4335

email liz@thetaxbridge.com