

JTC NEWSLINE

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Dispersations for travel and subsistence paid to workers free of tax - law changes in April 2016

At the moment, when an employer pays for costs and/or subsistence and/or accommodation for a worker, there is a taxable benefit which is reportable on a P11D. Reporting is only unnecessary if the travel and subsistence costs were paid strictly in accordance with the National Working Rules of the industry **or** the expense was covered by a dispensation applied for by the employer and granted by HMRC. This is true when an employer puts men into bed and breakfast accommodation that he pays for himself. It is even true when the only expenses he recompenses are vouched, checked, and monitored to very modest levels.

Dispersations from HMRC are essential.

From 6 April 2016, dispersations will be unnecessary and the reporting of benefits on a P11D will not be required as long as the employer is certain that the expenses would not be taxable on the employee because it would qualify for a fully matching tax deduction on his tax return.

This means that no dispersations would be needed if a firm required, asked for, and kept, fully receipted claims for travel, subsistence, and accommodation costs for travelling in the course of employment duties. No dispersations would be required if employers paid the costs of bed breakfast and evening meals direct to the B&B in respect of his workforce.

There are still problems for firms who pay workers round sum allowances for working away from home unless the allowance is no more or less than that allowed under the National Working Rules.

If you pay or would like to pay using a bespoke scale rate, HMRC will be prepared to grant these provided it can be demonstrated from evidence and sampling that the rates are fair and do not contain profit, and that the employer does responsible checks to ensure that expenditure is actually being incurred in specimen tests. As we move towards April 2016 there will be more information available. At this point it is definitely worth considering how you pay employees for travel and subsistence. If you do not get receipted claims, or the receipted claims you get would not bear scrutiny (!) it will be worth considering the bespoke rates. **Watch this space.** ■

Date for Autumn Statement

The Chancellor's Autumn Statement will be 25th November. This is the date when the Chancellor confirms most tax and NIC rates for 2016/17 in order to allow time for all to prepare for tax year 2016/17. ■

TIP OF THE MONTH

Invoices received

Do you know what should be on an invoice to make it valid for VAT reclaim purposes? Do you realise that you cannot accept just anything? HMRC have been looking at invoicing recently and there have been several tribunal cases where they have refused to allow credit for VAT for the following reasons.

- The invoice does not show the name and address of the firm being supplied (ignoring retail shop invoices).
- or**
- The invoice does not show sufficient detail to allow the customer (you) to really identify the supply. For example it says 'labour' not '2 men for 3 & 4 August', or 'materials' and not '20 widgets type bbb'.
- or**
- The invoice bears no identifying number.
- or**
- The trader issuing it was not VAT registered.

Where you receive invoices always check that the invoice is compliant with VAT rules and shows all the obvious indications of being issued by a VAT registered trader who is completing his record keeping in good order. If an invoice is missing any of the above always check the validity of the VAT number.

There are many traders in construction who deregister and continue using their VAT number. If you pay them what you think is VAT, HMRC will argue that it is not recoverable.

The current target of particular attention appears to be groundwork contractors, so if that is your field or you engage ground workers, take great care to check the quality of the invoices provided. ■

In-house software

If you have accounting software written in-house for your firm, or buy it custom built for you, your software team may like to know that HMRC have written and released their API Strategy.

www.gov.uk/government/publications/hmrc-third-party-software-and-api-strategy. ■

Income tax returns 2014/5

The deadline for submitting a paper tax return will pass on 31 October 2015. If you did not get a paper return in by that date you must not attempt to file by paper.

From 1 November 2015 you can only avoid a fine by filing online. ■

Salary sacrifice schemes - especially those used to pay travel expenses

After 6 April 2016 all expenses payments to employees will need to be taxed and NICed. Salary sacrifice schemes have become tainted by tax avoidance schemes and their tax advantages are being curtailed except in certain very limited circumstances. If you have been using a salary sacrifice scheme to pay tax-free travel to workers you should start talking to advisers and planning your exit now. ■

Booklet 490 Employee travel - revised

This booklet has been substantially revised. It is the bible for guidance on how to treat payments for employee travel. If you pay employees' travel costs it is worth looking at the revised booklet. ■

Energy saving materials

If you install energy saving materials, you may use the reduced rate until April 2016. After that date the rate will be 20%. ■

New advisory fuel rates for company car drivers apply from 1 September 2015

These rates apply from 1 September until further notice. Advisory fuel rates are set by HMRC.

Employers can use these rates to reimburse company car drivers for business fuel. 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	11p		7p
1600cc or less		9p	
1401cc - 2000cc	14p		9p
1601cc - 2000cc		11p	
Over 2000cc	21p	13p	14p

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