

JTC NEWSLINE

Issue 95

October 2016

Payrolling employees' taxable benefits

If you chose to payroll taxable benefits you can collect the tax on those benefits and expenses paid and given to your employees in year instead of using form P11D at the year end. You can't payroll benefits if you use HMRC 'Basic Tools', which is the HMRC free software for small employers, only if you use purchased software like Sage or other well known products.

The starting point is to ask your software provider to check that your software can collect the correct tax due on registered benefits directly from your employees' pay. Then you have to register online before the start of the year you want to payroll for. You would register from now to March 2017 for tax year 2017-18. Once the tax year has started you will have to payroll benefits for the whole tax year or until you stop providing them. To learn more visit <http://www.gov.uk/topic/business-tax> and then scroll down to find the section on payrolling benefits. ■

CIS nil returns

Do you send in CIS nil returns? Can you please give a moment to think this through? CIS returns have to be completed and sent in even when the only contractors paid are 'gross paid'. It is not a system that only accounts for payments to net subcontractors. So even if you have no labour only subcontractors, if say once a month you pay a scaffolding company, or for muck away, or a specialist electrician or plumber or roofer for a one-off job, you **must** verify their tax status and include the payment on a CIS return.

There have been problems with the nil returns settings on the CIS HMRC system and firms who thought they were set up as 'nil returns' have been penalised. If this is you, always appeal and say that the return would have been nil. **Do** check that you really should be making nil returns. ■

Business rates

On 30 September 2016 the Valuation Office Agency released draft 2017 Rateable Value assessments with effect from next April in respect of all 1,959,254 assessed properties in England and Wales. You will be able to view them (until the VOA website crashes as it might well do) at www.tax.service.gov.uk/view-my-valuation/search ■

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

The previous rates can continue to be used until 1 October 2016.

- Employers can use these rates to reimburse company car drivers for business fuel.
- These rates can also be used if employees are required to repay the cost of fuel used for private travel.
- 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. ■

Rates from 1 September 2016

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p		7p
1600cc or less		9p	
1401cc - 2000cc	13p		9p
1601cc - 2000cc		11p	
Over 2000cc	20p	13p	13p

Rates from 1 June 2016

Engine Size	Petrol	Diesel	LPG
1400cc or less	10p		7p
1600cc or less		9p	
1401cc - 2000cc	13p		9p
1601cc - 2000cc		10p	
Over 2000cc	20p	12p	13p

If you have a query regarding any of the items featured in this issue of newslines please contact Liz Bridge.

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JTC BRIEFING

October 2016

MTD: Making Tax Digital read carefully this is a bombshell

What if, instead of having to fill in a tax return every year, you had an app on your phone that told you how much different contractors had paid you, how much you had spent on materials and other expenses (because you'd snapped them on your phone when you got the receipts) and how much tax was going to be due or repaid?

That's the positive future we might be going towards in the "Making Tax Digital" proposals that HMRC are consulting on at the moment. Originally called "Making Tax Easier" (I wonder why they changed that snappy title?), the idea comes with a hefty slice of government funds going into improving HMRC's computer systems.

It comes with promises of the eventual abolition of the tax return as we all keep our records on apps on our phones or software on our computers, pressing a button once every few months to send the information to HMRC and finding out straight away what tax is due. It promises an end to having to tell HMRC things they already know (like – if you're a subcontractor - how much different contractors have paid you for different jobs).

Is the future a wholly positive one though? HMRC seem to think that by 2020 they can bring in an extra £934 million to the exchequer because of MTD and that £6.5 billion of the tax gap is tax lost by small businesses error and failure to take reasonable care. So they aren't really coming at this from the viewpoint of "making tax easier" but looking for a return on the proposed £1.3bn of investment in improving HMRC's systems.

Essentially do you think that making all small businesses keep "better" records will bring in more tax? Will it make any difference to the way you keep **your** records? **Because from 2018 if your turnover is more than £10,000 you will be in the frame to have to keep your records "digitally" or else face a penalty.**

If you keep your invoices and receipts in a box and once in a while type them up in an excel spreadsheet (or your bookkeeper or accountant does) then it seems your record-keeping won't be seen as good enough. The idea of "Making Tax Digital" is to make you record your invoices and expenses straight away using an app on your phone or software on

your computer, and then pass on the details to HMRC at least once every three months.

Using software to record your invoices and receipts digitally will be compulsory (unless you have a really good reason you can't use computers such as a serious physical handicap or membership of the Plymouth Brethren) and there will be a points-based penalty system for people who won't play ball.

Whether you think you will find the new system easy or hard to operate now is the time to look at what the government has in mind.

There is a lot to the proposals – 7 consultation documents, 243 pages, 116 consultation questions – so you may think the government has already decided to go ahead and is only consulting with the industry on the practical details.

There are some organisations saying that the changes are too big, too fast and that they ought to be postponed, rethought or cancelled.

Whatever your opinion, now is the time to have your say.

MTD: Making Tax Digital - read carefully this is a bombshell cont'd**Key questions**

Do you already keep "digital" records? If not, what help would you need to start?

If you had to give HMRC an update of your profits and losses every three months, how much detail would be reasonable for you to give?

People with turnover less than £10,000 won't have to join MTD. Is that the right threshold?

Some small businesses will have an extra year to get ready - what turnover (or other test) should they use to decide who gets the extra time?

Should there be a points-based penalty system for people who don't keep digital records or don't send the summary off to HMRC every three months?

Would it be helpful to be able to make voluntary payments on account to keep your tax up to date?

How to make your views known

There's a quick survey you can complete here:

www.surveymonkey.co.uk/r/5VCKXLP

Or you can email **makingtax.digital.consultations@hmrc.gsi.gov.uk** with just the points you want to make (there are different email addresses you could use for each of the 7 consultations but this is the general one) Please copy Liz Bridge in on your views **Liz@thetaxbridge.com**.

Don't forget, you can also email your MP directly: if you don't know your MP's email address you can find it online at **www.theyworkforyou.com**

HMRC has several "stakeholder" groups who represent the views of businesses to the tax authorities. You can contact one of them and give them your views too. The Administrative Burdens Advisory Board **www.gov.uk/government/administrative-burden-advisory-board** is one.

There is also a Digital Advisory Group specifically advising on MTD but there are no contact details for them on the gov.uk website.

If you think that this is far too much pressure to account by computer and phone, and far too fast, you must say so loudly and publicly. HMRC are trying to steamroller this change through and they may get their way.....

If you have a query regarding the content of this briefing please contact Liz Bridge - Tel: 020 8874 4335 liz@thetaxbridge.com