

**APRIL 2010 - ENEWS**

This month's enews contains several employer related articles following the end of the tax year. With a General Election looming we will of course update you on any forthcoming changes. Who knows what the following month will bring with the various parties and their election promises.

Please browse through this month's articles using the links below and contact us if any issues or questions arise.

**Penalty guidance on late payment of PAYE**  
**National Minimum Wage rates**  
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### **Penalty guidance on late payment of PAYE**

HMRC have been warning employers for some time that they may have to pay a penalty if they do not pay their PAYE deductions on time. They have now issued more detailed guidance on the way in which the penalties will work. The penalties will apply to PAYE deductions due for a period starting on or after 6 April 2010 include PAYE, Student Loan deductions, Construction Industry Scheme payments, Class 1 NICs, annual payments of employers' Class 1A NICs and annual PAYE Settlement Agreements payments.

Deductions of PAYE, NICs, Student Loan deductions and Construction Industry Scheme payments are generally due by 19 of each month (or 22 if paid by electronic means and cleared into HMRC's bank account). Small employers are able to pay quarterly.

HMRC are advising employers to let HMRC know if they are likely to have difficulty making a payment on time, so that arrangements can be made and penalties can be avoided. Their guidance states that where employers enter into 'time to pay' arrangements, before the liability becomes due, no penalty will be charged.

Penalties for late payment start at 1% increasing to 4% depending on the number of late payments in the year. Extra penalties will be added where liabilities are outstanding for a further six and then 12 months.

**Internet link:** [HMRC guidance on late payment](#)

### **National Minimum Wage rates**

From October 2010, National Minimum Wage rates will increase from

- £5.80 to £5.93 an hour for workers aged 21 and over
- £4.83 to £4.92 an hour for workers aged 18 to 20
- £3.57 to £3.64 an hour for workers aged 16 to 17.

The government has extended the adult minimum wage rate to 21 (previously 22) year-olds from October 2010 and, for the first time, an apprentice minimum wage rate has been set at £2.50 an hour.

The Low Pay Commission Chairman David Norgrove said:

"We are pleased that the government has again accepted the Commission's recommendations. The introduction of an apprentice rate marks an important extension to minimum wage protection across the UK."

### **Penalties for non compliance**

From April 2009 HMRC are able to charge penalties to those employers found to be in breach of the NMW rules.

Automatic penalties are levied on employers where HMRC officers find NMW arrears. The penalties range from £100 to £5,000 with 50% prompt payment discounts for employers who settle within 14 days of notification.

The penalty is payable in addition to arrears owed to the workers.

In serious cases of non compliance the employer may be tried in a Crown Court and in those cases the fines are unlimited.

If you have any queries on the NMW please do get in touch.

**Internet links:** [NMW rates](#) [NMW penalties](#)

### **Furnished holiday letting reprieve**

Getting the Finance Bill 2010 passed between when it was published on 1 April 2010 and the dissolution of Parliament on 12 April was always set to be a heavy load in spite of the fact that there were only 73 clauses and supporting schedules.

That load was lightened as certain of the more unpopular proposals were dropped. The abandoned additional increase on cider duty compared to other alcoholic drinks may have grabbed the headlines but another tax related proposal may be of wider interest.

The favourable tax regime for Furnished Holiday Lettings accommodation was due to be repealed from 6 April 2010. This proposal was dropped from the Finance Bill but what happens next depends on the outcome of the General Election. The Financial Secretary to the Treasury has pledged that this and the other withdrawn clauses will be re-introduced in a second Finance Bill should his party be returned to government.

It does mean for the present there is uncertainty as to the tax treatment of this type of property business as 2010/11 gets under way. We will keep you informed of any further developments.

Internet link: [Accountingweb article](#)

### **HMRC offer advice on fraud emails**

HMRC are reminding taxpayers to be vigilant as there have been several reports of scam emails.

Where taxpayers believe they may have been the victim of an email scam they should report the matter to their bank/card issuer as soon as possible. HMRC have previously advised that those providing their details have had their accounts emptied and credit cards used to their limit. Victims are also at risk of having their personal details sold on to organised criminal gangs.

This is not the only area where HMRC are aware of a problem. Companies are being targeted by email for a National Insurance service. The email offers the service of applying for a rebate of National Insurance on the customer's behalf, usually for a fee. These companies are not affiliated with HMRC in any way.

HMRC's further advice is to:

- Check the <http://www.hmrc.gov.uk/security/fraud-attempts.htm> to see if the email you have received is listed.
- Forward suspicious emails to HMRC at [phishing@hmrc.gsi.gov.uk](mailto:phishing@hmrc.gsi.gov.uk) and then delete it from your computer/mail account.
- Do not click on websites, links contained in suspicious emails or open attachments.
- Follow advice from [www.getsafeonline.co.uk](http://www.getsafeonline.co.uk)

Internet link: [HMRC current security messages](#)

### **P11D deadline looming**

The forms P11D, and where appropriate P9D, which report employees and directors benefits and expenses for the year ended 5 April 2010, are due for submission to HMRC by 6 July 2010. The process of gathering the necessary information can take some time, so it is important that this process is not left to the last minute.

Employees pay tax on benefits provided as shown on the P11D, either via a PAYE coding notice adjustment or through the self assessment system. In addition, the employer has to pay Class 1A National Insurance Contributions at 12.8% on the provision of most benefits. The calculation of this liability is detailed on the P11D(b) form.

If you would like any help with the completion of forms P11D or the calculation of the Class 1A liability please get in touch.

**Internet link:** [HMRC P11D guidance](#)

### **VAT and Royal Mail postage**

Some types of postal services offered by the Royal Mail will be subject to VAT from 31 January 2011.

According to the latest information issued by HMRC

“In broad terms, the proposed changes will mean that any service which is individually negotiated or not subject to any price and regulatory control will become liable to VAT at the standard rate. This includes, but is not limited to:

- all individually negotiated services
- Parcelforce services
- door-to-door (unaddressed mail)
- mailroom services”.

The change follows European Court of Justice Decision known as TNT Post UK Ltd which ruled that the UK has applied the exemption for postal services more widely than was permitted under the special rules which applied to Post Office Mail. HMRC will introduce new legislation to amend the rules from 31 January 2011.

HMRC are currently considering claims submitted by businesses following the TNT case. As claims are subject to strict time limits it is important to act quickly. It should be noted that first, second and metered mail and standard parcel delivery are and will continue to be exempt. A claim cannot be made in respect of these services.

For more information please do get in touch.

**Internet links:** [VAT Brief](#) [VAT on postage](#)

### **Online submission of employers forms**

The employer's annual returns P35 and P14 (P60) are due for submission to HMRC by 19 May 2010. Broadly all employers must submit their forms online this year. Previously those employers with less than 50 employees could file paper forms.

The final date for payment of PAYE, National Insurance Contributions, Construction Industry Scheme deductions and Student Loan deductions was 19 April 2010 (22 April 2010 for cleared receipt of electronic payments into HMRC's bank account).

The deadline for providing employees with their forms P60 is 31 May 2010 (Bank Holiday Monday). Employees must be provided with a paper form P60 this year. HMRC have confirmed that for 2010/11 electronic forms will be acceptable.

**Internet links:** [HMRC employer guidance](#) [IPP press release](#)