

BirchCooper

Accounting Services Ltd

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AUGUST 2009 - ENEWS

In this month's enews we report on various issues, including further HMRC announcements on the New Disclosure Opportunity.

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

New Disclosure Opportunity
Increase in pay for apprentices
'False self-employment' in the construction industry
HMRC warn of more scam emails
'Paper' tax return deadline looming
VAT increase to 17.5%
Pension changes ahead
Redundancy pay
Cross-border VAT changes 2010

The logo for the Association of Accountants and Tax Technicians (AAT), consisting of the lowercase letters 'aat' in a bold, sans-serif font.

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Company Registered in England - Number 4275048

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NEW DISCLOSURE OPPORTUNITY

HMRC have provided more details of the New Disclosure Opportunity (NDO) which is due to take place from 1 September 2009 to 12 March 2010. The NDO is for people with unpaid tax connected to offshore accounts and assets and will give the taxpayers one final opportunity to disclose.

To encourage taxpayers to disclose undeclared offshore income and gains, the penalty level has been set at 10%. HMRC hope that the low penalty will encourage taxpayers to come forward.

Although the NDO period runs until 12 March 2010 initial contact must be made to HMRC by 30 November 2009.

Dave Hartnett, HMRC Permanent Secretary for Tax, said:

“I know there are people who regret not taking advantage of our Offshore Disclosure Facility (ODF) in 2007 which focused primarily on the customers of five large banks. Now everybody who has not paid the tax they should in relation to offshore accounts or assets has this New Disclosure Opportunity to pay what they owe with penalties on more favourable terms than normal.”

“The procedure is simple and straightforward. Customers will be able to contact us on paper or through a dedicated area of our website. This will be the last opportunity of its kind.”

Please do get in touch, without delay, if you have any concerns in this area.

Internet links: [HMRC news release](#) [Basic information](#) and [dates](#)

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INCREASE IN PAY FOR APPRENTICES

From 1 August 2009 the national minimum wage (NMW) for apprentices increased from £80 to £95 per week.

This announcement was originally made in September 2008, when TUC General Secretary, Brendan Barber, said:

“The announcement will be a welcome boost for the thousands of low-paid apprentices, particularly women, who are struggling to make ends meet.”

“Pay increases will help more people to complete their training and boost the reputation of apprenticeships. Employers will also benefit from a greater number of skilled employees and as a result more organisations will be attracted to the ever improving apprenticeship brand.”

“This is a victory for the TUC's campaign for better apprentice pay. But, as strong supporters of apprenticeships, the TUC will continue to campaign for higher standards and further increases in apprentice pay will help achieve this.”

Women working in childcare and hairdressing, typically low paid apprenticeships, are expected to be the main beneficiaries of the increase.

Internet link: [TUC learning initiative](#)

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'FALSE SELF-EMPLOYMENT' IN THE CONSTRUCTION INDUSTRY

The government has been looking at the best way to address the issue of what they believe is 'false self-employment' in the construction industry. They have concluded, for income tax and national insurance purposes, that they will introduce legislation which deems workers within the construction industry to be in receipt of employment income unless one of three simple, clear and easy to apply criteria is met. These criteria take the form of three questions which ask whether the worker provides:

- their own equipment (other than customary to the trade)
- their own materials
- additional workers to complete the job.

The worker will have to satisfy at least one of these criteria to be regarded as self-employed.

The government are consulting on this issue at the moment and we will keep you informed of developments.

Internet links: [Consultation on construction self employment tests](#) [Treasury statement](#)

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HMRC WARN OF MORE SCAM EMAILS

HMRC have updated their guidance on scam emails as they are aware that a large number of individuals are receiving emails offering tax rebates. HMRC have also confirmed that they would not inform taxpayers of a tax rebate via email, or request that they complete an online form to receive a rebate of tax. There is a long list of web addresses being used in the scams including:

online.paper@hmrcpaper.co.uk
office.tax@hmrc.taxreturn.co.uk
customers@hmrc.gov.uk
help.desk@hmrc.notify-online.co.uk
online.notify@hmrc-customs.co.uk
hmrchelpdesk@hmrchelpdesk.co.uk
refunds@hmrc.gov.uk
securemail@hmrc.gov.uk
tax-refund@hmrcforms.co.uk
hmrc@tax-revenue.uk
refundsdept@hmrc.gov.uk
hmrc@tax-revenue.uk
refunds@hmrc.gov.uk
taxcredits@hmrc.co.uk
tax-service@hmrc.customs.gov.uk
service@hmrc.gsi.gov.uk

HMRC are stressing that individuals should not visit the website contained within the email or disclose any personal or payment information.

For more information on this and other scams visit the links below.

Internet links: [HMRC guidance](#) [Latest example](#)

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'PAPER' TAX RETURN DEADLINE LOOMING

For those wishing to complete paper self assessment tax returns, the filing deadline of 31 October 2009 is fast approaching.

The 31 January 2010 deadline remains for online submission of 2008/09 self assessment tax returns.

Those wishing to make a paper return need to start compiling the information they need now. This includes a copy of forms P60 and P11D, self-employment accounts, records of savings and investments, and details of any untaxed income.

If you have any queries regarding your personal tax affairs please do get in touch.

Internet link: [Business link guidance](#)

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VAT INCREASE TO 17.5%

HMRC have issued guidance for businesses dealing with the increase in the standard rate of VAT from 15% to 17.5%. The change takes effect from 1 January 2010. They hope that by issuing the guidance well in advance of the change that businesses will have sufficient time to prepare.

If you would like guidance in this area please do get in touch.

Internet link: [HMRC guidance on 17.5%](#)

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PENSION CHANGES AHEAD

Under provisions contained in the Pensions Act 2008 employee pension enrolment and employer contributions are to be made compulsory.

These provisions, which are due to come into force in 2012, cover the automatic enrolment of qualifying workers into a qualifying workplace pension scheme and a duty on employers to make contributions to such a scheme. To ensure that employers are able to comply with these duties a universal personal account scheme is being created.

The main details of the scheme are:

- automatic enrolment of eligible employees aged between 22 and state pension age earning over £5,035 per annum (unless employee opts out)
- employer contributions of 3% on a band earnings, initially set as £5,035 -£33,540
- employee contributions of 4%, with an additional 1% funded by the government in the form of tax relief
- both employer and employee contribution levels will be phased in over three years
- an enforcement regime led by the Pensions Regulator, with powers to penalise employers who do not comply with the regime.

Consultations and regulations will be issued in the lead up to the introduction of the legislation. These should make it clearer what is expected of employers and pension schemes in anticipation of the new regime starting in April 2012.

The Personal Accounts Delivery Authority (PADA) has recently launched a “myth busting” campaign in advance of the rules taking effect in 2012.

Internet links: [Pensions Reform](#) [PADA myth buster](#)

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REDUNDANCY PAY

The weekly maximum pay which can be taken into account when calculating statutory redundancy pay is set to increase from 1 October 2009.

Employees who have at least two years' continuous service qualify for a redundancy payment.

The entitlement is as follows:

- for each complete year of service until the age of 21 - half a week's pay
- for each complete year of service between the ages of 22 and 40 inclusive - one week's pay
- for each complete year of service over the age of 41 - one and a half weeks' pay.

A week's pay is that to which the employee is entitled under his or her terms of contract as at the date the employer gives minimum notice to the employee. The maximum statutory limit for a week's pay is £350 with effect from 1 February 2009 and will increase to £380 with effect from 1 October 2009. The maximum service to be taken into account in calculating redundancy is 20 years. This means that the maximum statutory payment cannot exceed 30 weeks' pay or £10,500 (£11,400 Oct 2009).

The maximum week's pay figure is generally reviewed annually however the £380 limit will continue until 1 February 2011. Employers may, of course, pay in excess of the statutory minimum.

Internet link: [Direct gov website redundancy](#)

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CROSS-BORDER VAT CHANGES 2010

HMRC have issued important updates in advance of the changes in the place of supply of services rules which take effect from 1 January 2010.

This guidance is part of a package of measures being introduced to simplify and modernise the VAT system for cross-border trading and to counter fraud across the EU. The measures include:

- changes to the basic place of supply of services rules
- changes to the time of supply rules
- European Sales List (ESL) reporting for supplies of cross-border services
- a new electronic refund procedure for VAT incurred in other EU Member States.

If you have any queries on these changes please do get in touch.

Internet link: [HMRC cross border changes](#)