

NOVEMBER 2009 - INTRODUCTION

In this month's enews we report that the Chancellor has announced the date of the Pre-Budget Report.

We also include our usual round up of news. Please browse through this month's articles using the links below and contact us if any issues or questions arise.

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PRE-BUDGET REPORT 2009

Alistair Darling will make his Pre-Budget statement to the House of Commons on Wednesday 9 December 2009 at 12:30.

We will let you have details of the important announcements in the next issue.

Internet link: [Treasury website](#)

INTRASTAT THRESHOLDS

HMRC have announced significant changes to the Intrastat thresholds. Intrastat is used to report the movement of goods within the EU over certain thresholds. Those traders with an annual intra-EU trade in goods exceeding the exemption thresholds are required to provide monthly statistical returns (Intrastat Supplementary declarations).

From 1 January 2010, subject to parliamentary approval:

- the exemption threshold for arrivals will be increased from £270,000 to £600,000 and
- the exemption threshold for dispatches will be reduced from £270,000 to £250,000.

The significant change in the arrivals threshold is due to a reduction in the EU minimum requirement for Member States to collect data from 97 to 95%.

The threshold for dispatches has been reduced to £250,000 due to the current economic downturn and the consequent reduction in the number of UK businesses trading within the EU.

If you would like any advice as to how this change affects your business please do get in touch.

Internet link: [HMRC Brief](#)

VAT AND NEW YEAR'S EVE TRADERS

If you are going to be out celebrating on New Year's Eve or indeed if your business will be operating over midnight, you will be glad to hear that the government has announced a relaxation of the VAT rules. Pubs, clubs, restaurants and other retail businesses remaining open past midnight on New Year's Eve will be allowed to continue charging VAT at 15% on their sales until they close or until 6am on 1 January 2010, whichever is the earlier.

Similar arrangements will apply to telecommunications companies in respect of calls and texts made up to 6am on 1 January.

Internet links: [HMRC VAT Brief](#) [Press release](#)

PARTIES FOR EMPLOYEES

Are you planning a party for your employees? The good news is that, unlike entertaining customers, the costs of entertaining employees are generally allowable against the profits of the business.

But what is the tax treatment for the employees themselves? Is it a perk of their jobs and will they have to pay tax on a benefit?

Generally, as long as the total costs of employee annual functions in a tax year are less than £150 per attendee (VAT inclusive) there will be no tax implications for the employees themselves. In considering this limit make sure you have included all the costs, which may include not only the meal itself but also any drinks, transport and accommodation that you provide.

If the costs are above the £150 limit then do get in touch so we can advise you how best to deal with them.

Internet link: [HMRC guidance](#)

SWINE FLU AND SSP

Under existing rules for Statutory Sick Pay (SSP) employees can self-certify for the first seven days of their illness and employers cannot ask for medical evidence during this period. There has been no change to this requirement.

If employees are ill for more than seven days, employers can ask for reasonable evidence that they are not able to work and decide what, if any, further information they may need.

During the swine flu pandemic, employers are being asked to consider other evidence (instead of a doctor's certificate) as proof of an employee's illness. This will hopefully help to reduce the burden on GPs.

Internet link: [HMRC guidance](#)

ONLINE FILING OF VAT RETURNS

HMRC are reminding businesses that new rules on how VAT returns are submitted and payments are made will come into force next year. Paper VAT returns will be phased out from 1 April 2010.

As a start of this phasing out process, businesses with:

- annual turnover of £100,000 or more, and
- all businesses which register or should have registered for VAT on or after 1 April 2010

will need to submit their VAT returns online and make payments electronically from April 2010. Those businesses that are already VAT registered, with a turnover below the threshold, will have the choice to use paper returns but this will be reviewed by 2012.

Further guidance has been issued together with details of the penalties for failing to make an electronic return. The penalties will be:

- turnover £100,000 (VAT exclusive) and below - £100
- turnover £100,001 to £5,600,000 - £200
- where turnover exceeds £5,600,000 the penalties charged will be higher.

HMRC have announced a period of grace which means that penalties will not be imposed initially, however periods ending on or after 31 March 2011 will be charged. This grace period is to allow businesses to adjust to the change in procedures.

HMRC have also announced simplified procedures for agents to submit their clients VAT returns, so please do get in touch if you would like any further advice in this area.

Internet link: [HMRC VAT Statutory instrument](#)

FIRST AID AT WORK

The Health and Safety Executive are reminding businesses that the guidance for first aid at work changed from 1 October 2009.

To insure that you are complying with the revised requirements please visit the link below.

Internet link: [HSE website](#)

BUSINESS RATES BILLS

The government has confirmed that 60% of business rates will fall next year as a result of revaluation and that it will not collect a penny more of extra revenue as a result of the 2010 revaluation, which is carried out every five years. However, rates bills for some businesses will rise significantly.

The government recently announced that it will remove the requirement to re-apply for small business rate relief, which can reduce business rates by up to 50%, at revaluation, reducing bureaucracy for small businesses and billing authorities.

John Cridland, CBI Deputy Director-General, said:

“We’re concerned by the government’s announcement on business rates today. Although business rates will fall overall, in some areas of the country they will rise sharply, which is worrying at this critical time for the economy.

We called for the government to cap business rate increases at lower levels than those announced today. For example, we called for a maximum rise of 7.5% for larger properties, but the government has announced a maximum rise of 12.5%. This is worrying.

We’re particularly concerned about the potential for sharp rises in business rates in London, where properties were revalued near the height of the market. Given the economic situation, a significant rise in business rates could make a critical difference to companies trying to survive the recession.”

Internet links: [CBI press release](#) [Press release](#)