

JANUARY 2010 - INTRODUCTION

In this month's enews we report on the latest HMRC disclosure opportunity and advise you to check any PAYE tax code you receive with care.

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

- The Tax Health Plan (THP)
- HMRC new scam emails
- Employment Rights - Statutory limits
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THE TAX HEALTH PLAN (THP)

HMRC have obtained information from various sources, including NHS trusts, private hospitals and medical insurers and are introducing the THP as an opportunity for medical professionals with tax to pay to get their affairs up to date with the benefit of a fixed penalty.

Taxpayers must notify HMRC of the intention to make a disclosure by 31 March 2010 and must make a full disclosure of all undeclared liabilities and full payment of all outstanding taxes and duties, interest and penalties by 30 June 2010.

The penalty is fixed at 10% of the taxes/duties underpaid unless the total amount of unpaid liability being disclosed is less than £1,000, in which case there is no penalty.

HMRC will pursue those with undeclared tax liabilities who decide not to make a disclosure.

The THP is initially open to members of the General Medical Council but is expected to be extended to other health professionals including dentists.

If you have any concerns in this area please do get in touch.

Internet link: [HMRC guidance on THP](#)

HMRC NEW SCAM EMAILS

HMRC have issued a warning about a new scam email which is being sent from 'HMRC Online Services – test@test.com' stating that the recipient has one new ALERT message and should log onto their Online Account to read the message.

The email includes a link to a fraudulent website which asks the taxpayer for their personal account information and password. HMRC are advising that the email is not from them and that anyone receiving a copy should forward it to them at phising@hmrc.gsi.gov.uk

Internet link: [HMRC scam email example](#)

EMPLOYMENT RIGHTS - STATUTORY LIMITS

The limit on the amount of the compensatory award for unfair dismissal is set to decrease from 1 February 2010. The current maximum of £66,200 is to reduce to £65,300, due to the decrease in the retail prices index measure of inflation. This new limit applies where the event giving rise to the entitlement to the payment arose on or after 1 February 2010.

The maximum amount of a week's pay for the purpose of calculating the basic or additional award of compensation for unfair dismissal or redundancy payment has not been amended from the current amount of £380. This rate has been in force since 1 October 2009.

The Business Link website includes a useful calculator of statutory redundancy entitlement.

Internet links: [Business link calculator](#) [Statutory instrument](#)

DISPENSATIONS - NEW ONLINE APPLICATION FORM

HMRC have introduced the facility to apply for dispensations online.

Where an employer has a dispensation they do not have to report expenses and certain benefits to HMRC on forms P9D or P11D at the end of the tax year. Where employers have a dispensation in place this can be time saving.

If you would like to discuss applying for a dispensation please do get in touch.

Internet link: [HMRC guidance on dispensations](#)

TAX CODES BEING ISSUED

HMRC are advising employees that between January and March 2010 they will be issuing new PAYE coding for 2010/11. The tax codes should reflect the individual's personal circumstances and include the tax allowances and reliefs that individuals are entitled to.

HMRC are advising that this is the first time the annual coding process will take place using HMRC's new computer system for processing PAYE, known as the National Insurance and PAYE Service (NPS). HMRC are expecting more employees than usual, approximately 25 million, to receive coding notices because of the new system.

However, it appears that there may be a problem with the new coding notices, according to the Chartered Institute of Tax President Andrew Hubbard

“Most people on PAYE are used to assuming that what the taxman sends them is correct. Many file away coding notices without even bothering to check them.”

“But this year, many of them are being given wrong information, and unless they spot it and tell HMRC, their employer will receive the wrong information too, and they could get a nasty shock when they open their April pay packet and see it is as much as a hundred pounds lighter than they are expecting.”

According to the CIOT website

‘Those affected are thought to include taxpayers who have left a job in the last few years. The HMRC database appears to have ‘lost’ the information it holds about people leaving jobs and as a result is combining taxpayers’ current employment records with old data and concluding that they have two (or more) jobs and much higher earnings than they do.

Anyone with two jobs normally has their personal allowance (the portion of your income you do not have to pay tax on) counted against the job with the highest wage. As a result of the error many people will, in effect, have their personal allowance split between two jobs or allocated to a job they no longer have, meaning their current employer will be obliged to deduct too much income tax. The personal allowance will be £6,475 for most people under 65 in 2010/11. If the whole of that personal allowance is wrongly applied that would cut a basic rate taxpayer’s pay packet by about £108 a month or £1,295 a year.’

If you receive a new tax code and are unsure whether or not it is correct please let us know so we can check it for you.

Internet links: [HMRC guidance on tax codes](#) [Chartered Institute of Tax statement](#)

SCRAPPAGE SCHEME

The Vehicle Scrappage Scheme is a voluntary scheme for motor dealers under which participating dealers give buyers a £2,000 discount off the purchase price of a new car (or certain types of small van) in exchange for scrapping their old qualifying vehicle.

Funded jointly by the government and manufacturers, the scheme has proved very popular. Although the scheme is set to run until February 2010, recent figures show that approximately 80% of the available budget for the scheme has already been utilised. As the scheme enters its final stages the Department for Business will allocate order quotas to manufacturers based on brand popularity and it is hoped it will help to ensure a smooth closing of the scheme.

Lord Mandelson, Business Secretary, said:

“I’m pleased to see that the scheme has been taken up by so many people, supporting our automotive manufacturers through a very difficult time. With limited orders as we near the close of scrappage there is a risk of disappointment for car buyers. I would urge people who are still keen on taking part to put their orders in as soon as possible as time is running out.”

For general information on the £2,000 scrappage discounts and other conditions visit the scrappage website link below. For HMRC’s views on the business tax and VAT implications of the car and van scrappage scheme use the HMRC link below.

If you have any queries on the tax implications of the scheme please do get in touch.

Internet links: [BIS press release](#) [Scrappage website](#) [HMRC Brief](#)

STATUTORY PAYMENTS

The new Statutory Payment Rates for 2010/11 have been announced. The new rates are as follows:

The current Statutory Sick Pay (SSP) weekly rate of £79.15 is being retained for 2010/11.

The Statutory Maternity Pay (SMP) standard rate will be £124.88 for payment weeks beginning on or after 4 April 2010. The current rate is £123.06.

The same weekly rate applies to Statutory Paternity and Statutory Adoption Pay.

If you would like any help with any of these statutory payments please do get in touch.

Internet link: [Business link statutory payment rates](#)

USING YOUR OWN CAR FOR WORK

HMRC have updated their guidance on using your own vehicle for work. The guidance needs to be read in conjunction with the mileage rates which for those using their own car for work purposes are unchanged at 40 pence a mile for the first 10,000 miles dropping to 25 pence a mile thereafter.

Internet links: [HMRC factsheet mileage](#) [HMRC mileage rates](#)

TAX PAYMENTS

For those making tax and national insurance payments on 31 January 2010 HMRC are reminding that their bank details changed last year. To confirm that you are making payment to the correct bank account please visit the link below.

Internet link: [HMRC bank details](#)