

FEBRUARY 2010 - INTRODUCTION

In this month's enews, as the profession recovers from the 31 January 2010 self assessment deadline, we advise you of the latest news including the record number of returns filed online and the latest inflation figures.

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

[New record for filing online tax returns](#)

[HMRC offer advice on fraud emails](#)

[Managed Payment Plans](#)

[Student loan repayments](#)

[Tax codes being issued](#)

[Vehicle Scrappage](#)

[Inflation](#)

NEW RECORD FOR FILING ONLINE TAX RETURNS

According to HMRC statistics a record number of taxpayers filed their Self Assessment tax returns online this year.

Apparently 6,429,899 people filed online by 31 January 2010 deadline. This number was three quarters of all returns submitted and was an increase of nearly 12% on the 2009 total of 5.8 million.

Financial Secretary to the Treasury, Stephen Timms said:

"More people than ever before are now filing their tax returns online. It's easier, quicker and HMRC processes your return faster, so any money you're owed is repaid more quickly. If you haven't yet made the switch from paper to online, do so, and join the millions who are benefiting already."

Internet link: [Press release](#)

HMRC OFFER ADVICE ON FRAUD EMAILS

HMRC are warning taxpayers to be vigilant as there have been several reports of scam emails offering a tax repayment. Taxpayers should not respond to any email promising a tax repayment.

The email advises the recipient they are due a tax refund and directs them to an online form to provide bank or credit card details for the payment of the “rebate”.

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 are advising 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.

HMRC are expecting an increase in this type of email as following the Self Assessment filing deadline, many taxpayers will be waiting to receive confirmation of their repayment.

HMRC said:

“We only ever contact customers who are due a refund by post. We never use emails, telephone calls or external companies in these circumstances. We strongly urge anyone receiving such an email to send it to us for investigation before deleting it.”

HMRC’s further advice is to:

- Check the advice published at www.hmrc.gov.uk/security/index.htm to see if the email you have received is listed.
- Forward suspicious emails to HMRC at 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
- Check with HMRC at <http://www.hmrc.gov.uk/security/fraud-attempts.htm>

Internet link: [Press release](#)

MANAGED PAYMENT PLANS

HMRC has announced that they will launch a new method of paying tax liabilities, known as Managed Payment Plans, in April 2011.

The plan could be entered into by any individual taxpayer making payments under Self Assessment (whether final payments or payments on account) and by companies, under corporation tax self assessment. Group companies and those already subject to quarterly instalment arrangements will be unable to apply.

In order to be able to take advantage of the scheme, which allows the tax to be paid in monthly instalments, taxpayers will have to meet certain conditions:

- The taxpayer has made their self assessment for the year.
- All previous tax must have been paid or time to pay arrangements must already be in place.
- Payments must be made by direct debit.

Payments need to be made in equal monthly instalments on 15th of each month spread symmetrically either side of the payment date. In order to take advantage of a full twelve months to pay, taxpayers will need to make their self assessment and propose their plans by the following dates:

- 31 October for SA taxpayers who are required to make payments on account on 31 January and 31 July;
- 31 July for SA taxpayers who only have a final 31 January payment to make;
- six months before the normal due date for payment for CTSA.

The deadlines for the submission of returns are tight. If you are interested in taking advantage of the payment option please do get in touch so we can look into the matter for you.

Internet link: [HMRC news](#)

STUDENT LOAN REPAYMENTS

HMRC have announced a new initiative to reduce student loan over repayments for those ex students who repay their loan through PAYE deductions.

Ex students have been in the position whereby it has been difficult for them to avoid over repaying their student loan as the loan term came to an end. This is due to the time delay between their employer making deductions from their salary each month and submitting an annual return showing the individual repayment amounts for each employee.

Ex students will now be able to opt out of PAYE repayments in the last 23 months of repayment and transfer to a Direct Debit arrangement. This should mean that the ex student will not over repay their loan.

This new initiative has been introduced by the Student Loans Company (SLC). The SLC will try to contact borrowers shortly before the last 23 months to offer and arrange this option. However if a borrower is aware that they are reaching this point they can contact the SLC direct and arrange to repay the balance of their loan in this way.

Employers will not have to change their procedures as their authority to stop making deductions comes from HMRC on a form SL2 Stop Notice and this authority will be issued in the normal way.

Internet links: [HMRC student loan advice](#) [SLC repayment website](#)

TAX CODES BEING ISSUED

HMRC have updated their guidance on the issue of multiple or incorrect PAYE tax codes to some employees following the introduction of their new National Insurance and PAYE computer system.

HMRC have admitted that the changeover to the new system has brought to light some discrepancies in their records which have resulted in some incorrect coding notices being issued.

HMRC advise that three main situations may result in incorrect coding notices. Their updated guidance states that:

- a previous employment stopped some time ago but HMRC's system has not picked this up and a Coding Notice has been sent for that employment
- two notices have been sent for the same employment
- the code BR (basic tax) or DO (higher rate tax) has been given for an employment or pension for the first time.

HMRC advise that they will try to correct as many of these discrepancies as possible well in advance of the new tax year.

Please do get in touch if you would like us to check your tax code.

Internet link: [HMRC guidance](#)

VEHICLE SCRAPPAGE

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.

The government has announced that the deadline for the end of the Vehicle Scrappage Scheme has been extended from the proposed February 2010 to March 2010. The extension is to allow manufacturers and dealers more time to prepare for and operate the final phase of the scheme.

The scheme, which is jointly run by the government and car manufacturers, will now run until the end of March 2010 or until the funding is exhausted, whichever is the sooner.

Business Secretary Lord Mandelson said:

“Against the background of the economic downturn the Scrappage Scheme has proved a great success, driving UK car sales, protecting jobs and supporting the supply chain for car manufacture at a time when this sector needed it most.”

“If you’re considering buying a new car, you should place your order as soon as possible to avoid disappointment, because the budget is strictly limited.”

Internet links: [Press release](#) [Scrappage website](#)

INFLATION

Government figures released show that the inflation rate increased to 3.5% in January 2010 from the previous month's figure of 2.9%.

The Consumer Prices Index (CPI) inflation percentage was affected by both the VAT rate returning to 17.5% and higher fuel prices.

The Retail Prices Index (RPI) inflation which includes housing costs rose to 3.7% in January 2010 (from 2.4%).

Internet link: [BBC news](#)