

MAY 2010 - ENEWS

In this month's enews we include advice for those employers whose employees may suffer from World Cup fever! With an emergency Budget looming we will of course update you on any forthcoming changes.

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

Flexible working – the World Cup

State Pension age and national insurance contributions

Budget date announced

Changes to the advisory fuel rates from 1 June 2010

Child Trust Fund to be cut

Are there VAT increases ahead?

Holiday entitlement

P11D deadline looming

HMRC warn of email rebate scam

FLEXIBLE WORKING – THE WORLD CUP

Acas (the Advisory, Conciliation and Arbitration Service) is advising employers to be ready for the World Cup. Some employees will be expecting their employers to be flexible about working hours so that they can watch matches. Employers may also be worrying about their employees being less productive, hung over or sick following over enthusiastic celebrations.

The World Cup kicks off in South Africa on 11 June 2010 and employers need to plan ahead to try and keep everyone happy. As matches are due to kick off at 12.30, 15.00 and 19.30 (UK time) employers will need to plan ahead to ensure they have a clear and consistent policy for those wanting to watch matches.

Acas advice as detailed on their website is that employers should try to be:

- “Flexible, where possible - for example, by altering start and finish times during the working day or allowing longer lunch breaks
- Clear about what you expect from employees - in terms of attendance and performance during the World Cup. Managing employees’ expectations of what might be possible is key to keeping them onside
- Communicative - start talking to each other now about the World Cup and how you hope to manage leave and working hours
- Honest - if you cannot accommodate any changes to your work practices then say so. Also, you may need to remind employees that any special arrangements for watching matches are only temporary
- Fair - you need to be seen to be fair about the way you respond to requests for time off and avoid favouritism”.

For more advice visit the Acas website. For details of when the matches are being played visit the FIFA website link below.

Internet links: [Acas article](#) [FIFA website](#)

STATE PENSION AGE AND NATIONAL INSURANCE CONTRIBUTIONS

HMRC are reminding employers to take care when deciding whether or not their employees need to pay national insurance contributions (NICs). Employees do not need to pay NICs on reaching State Pension age (SPa). Some payroll software warns employers as women approach age 60 to check their national insurance status as previously women would have been exempt from the employee contribution from age 60. This warning may now be being issued too early.

As a result of changes brought in by the 1995 Pensions Act, from 6 April 2010 the age at which women reach SPa will gradually rise to become the same as it is for men of 65. The change is being phased in between 6 April 2010 and 6 April 2020 on a sliding scale, and will affect women born between 6 April 1950 and 5 April 1955. All women born on or after 6 April 1955 will reach SPa at age 65.

For more information see the latest Employer Bulletin and for a look up table of dates see appendix C following the link below.

Internet links: [Employer Bulletin](#) [DWP report](#)

BUDGET DATE ANNOUNCED

The new coalition government is settling into office and a date has been announced for the emergency Budget. Chancellor of the Exchequer George Osborne will present the emergency Budget on Tuesday 22 June 2010.

Some details of government proposals can be found in the Coalition Agreement which can be accessed using the link below.

We will keep you informed of announcements.

Internet links: [Treasury press release](#) [Coalition agreement](#)

CHANGES TO THE ADVISORY FUEL RATES FROM 1 JUNE 2010

To reflect the increase in fuel prices, HMRC have issued new advisory fuel rates for employees driving employer provided cars. These take effect for all journeys undertaken from 1 June 2010, so employers using the advisory rates should advise affected employees and update any expense forms as soon as possible.

The advisory fuel rates may be used for journeys undertaken on or after 1 June 2010.

Engine size	Petrol	Diesel	LPG
1400cc or less	12p (11p)	11p (11p)	8p (7p)
1401cc – 2000cc	15p (14p)	11p (11p)	10p (8p)
Over 2000cc	21p (20p)	16p (14p)	14p (12p)

HMRC have in the past given employers a month's notice of changes to these rates. However, according to the HMRC guidance:

“These rates apply to all journeys on or after 1 June 2010 until further notice, allowing them to reflect fuel prices more quickly. For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.”

Other points to be aware of about the advisory fuel rates:

- Employers do not need a dispensation to use these rates.
- Employees driving employer provided cars are not entitled to use these rates to claim tax relief if employers reimburse them at lower rates. Such claims should be based on the actual costs incurred.
- The advisory rates are not binding where an employer can demonstrate that the cost of business travel in employer provided cars is higher than the guideline mileage rates. The higher cost would need to be agreed with HMRC under a dispensation.

If you would like to discuss your car policy, please contact us.

Internet link: [HMRC advisory fuel rates](#)

CHILD TRUST FUND TO BE CUT

The government has outlined plans to make changes to the Child Trust Fund as part of plans to cut £6 billion in expenditure.

The government intends to introduce secondary legislation to scale back government payments due to Child Trust Funds from 1 August 2010. From that date, payments at birth will be reduced from £250 to £50 for better off families, and £500 to £100 for lower income families; and payments at age 7 stopped. The government intends to introduce primary legislation to stop all payments from 1 January 2011. Additional contributions for disabled children will be paid this year. From 2011/12 the money used for these additional contributions will be redirected to respite care for disabled children.

Internet links: [Times online](#) [Press notice](#)

ARE THERE VAT INCREASES AHEAD?

The British Chamber of Commerce are predicting that we should expect an increase in VAT to help deal with the country's budget deficit.

David Frost Director General of the British Chambers of Commerce (BCC) said:

“..... the employer National Insurance rise, planned for 2011, should be abolished in full. Most businesses expect VAT to increase after an election to help plug the hole in our public finances. Considering companies have already said that VAT would be less damaging to their operation than a hike in NICs, it seems obvious that the tax on jobs should be scrapped and replaced by a less harmful tax on consumption.”

Internet link: [BCC press release](#)

HOLIDAY ENTITLEMENT

With signs that spring is finally here many employees will be planning or longing for their summer holidays. Holiday entitlement is one of the complex areas which can cause employee dissatisfaction if not handled correctly, especially for those with part time or irregular hours. Since 1 April 2009 the minimum statutory holiday entitlement has been 5.6 weeks inclusive of Bank Holidays, the equivalent of 28 days for those employees working a five day week. Employers may of course offer more holiday if they wish.

To check either your own, or your employees minimum holiday entitlement visit the link below.

Internet link: [Business link website](#)

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.

Employers may wish to complete the forms electronically and submit them online. For information on this use the online submission link below.

Internet links: [HMRC P11D guidance](#) [Online submission](#)

HMRC WARN OF EMAIL REBATE SCAM

HMRC are warning that taxpayers are being emailed stating that they are entitled to a tax rebate. These emails are being sent from a number of bogus email addresses. They inform recipients that they are entitled to a tax rebate and invite them to complete an online form to receive a rebate of tax.

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

Email addresses used to distribute the tax rebate emails include:

- refunds@hmrc.gov.uk
- info@hmrc.gov.uk
- attached.form@hmrc.attached.gov.uk
- service@hmrc.gov.uk
- hmrc refunds@hmrc.gov.uk
- refundsdept@ir-efile.gov.uk
- noreply@notifications.gov.uk
- customers@hmrc.gov.uk
- taxcredits@hmrc.co.uk
- notice-hm@hmrc.gov.uk
- securemail@hmrc.gov.uk
- hmrc@tax-revenue.uk
- tndrftnpcb@aol.com

HMRC have confirmed that they do not send out emails using these email addresses.

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