

Newsletter October 2011

Our newsletter this month contains the following articles: a reminder to file your tax return on time, future changes to workplace pensions, VAT issues for charities and changes to company car fuel rates.

Our next newsletter will be published 8 November 2011.

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File on time or else...

In the past as long as you paid your tax liabilities on time and cleared any self-assessment tax due by 31 January, no late filing penalties were due. Even if you failed to pay your tax on time, late filing penalties were capped at £100 or nil if you were due a tax refund.

The goal posts have moved!

The 2010-11 tax returns have to be filed by 31 October 2011 if you are filing a paper return, or 31 January 2012 if you are filing electronically. If you fail to meet these deadlines you face the following penalty regime, even if your tax payments are up-to-date.

- One day late an initial penalty of £100.
- Three months late a daily penalty of £10 per day up to a maximum of £900.
- Six months late an additional £300 or 5% of any tax outstanding, whichever is the higher amount.
- One year late a further £300 or 5% of any tax outstanding, whichever is the higher amount.

As you can see the minimum penalty for filing 6 months late is £1,300 even if all your tax due is paid on time or you are due a tax repayment.

If you have had a relaxed attitude to meeting the filing deadline in the past; you may like to reconsider your priorities for the filing of the 2011 return!

Employers face a possible 3% hike in employment costs!

The Pensions Regulator has published information about proposed workplace pension changes that are due to be phased in from next year.

Workers who will need to enrol in the new workplace pension arrangements unless they expressly choose to opt out are:

- Employees who earn more than the minimum earnings threshold (to be announced), and
- Are aged between 22 and state pension age, and
- Work in the UK.

Each employer will be given a date from which changes will have to be in place. This will be known as the staging date.

Larger employers will have the earlier staging dates. The staging dates will begin in October 2012 and continue through to 2016.

Readers may find the following notes useful:

- Find out what your likely staging date will be at www.tpr.gov.uk/staging
- The employer will be required to contribute at least 3% of worker's earnings.
- Employers and workers will be required to make a contribution such that the minimum, combined contribution is 8%.
- Employer and workers will qualify for tax relief on their contributions.
- Existing pension arrangements may qualify; you will need to check with your pensions advisor.

More general information on the changes is available at www.thepensionsregulator.gov.uk/pensions-reform.aspx

VAT issues for charities

Charities only need to account for VAT on those parts of its activities that are within the scope of VAT. A quick checklist follows:

- Sale of donated goods from a charity shop – zero rated supply
- Investment income, bank interest etc – outside the scope of VAT
- Donations from general public – outside the scope of VAT
- Fundraising events – exempt from VAT
- Grants, see below

The VAT status of the charity shops is advantageous. Even if the zero rated sales are below the current registration limit of £73,000, it would be worthwhile registering the trade voluntarily as any associated costs that include VAT can be reclaimed.

Grants received

Although most grants received by a charity are outside the scope of VAT, occasionally grant providers will require the charity to provide services to individuals or groups as a direct condition of grants made. If this is the case the grant is a standard rated transaction. In most cases this will not cause difficulties as most grant providers are Local Authorities that are VAT registered and can claim back any VAT charged.

Nevertheless charities should take care to seek advice and ensure that they charge VAT on grant income when appropriate.

New car fuel rates

HMRC have published revised Company Car advisory fuel rates to use from 1 September 2011.

These rates can be used to calculate private fuel costs reimbursed by employees on a mileage basis, or to calculate the amount of VAT input tax that employers can recover on company car mileage claims that are attributable to fuel rather than other running costs.

Petrol and LPG users (Engine size, Petrol, LPG pence per mile)

1400cc or less: 15p, 11p
1401cc to 2000cc: 18p, 12p
Over 2000cc: 26p, 18p

Diesel users (Engine size, Diesel pence per mile)

1600cc or less: 12p
1601cc to 2000cc: 15p
Over 2000cc: 18p

Tax Diary October/November 2011

1 October 2011 - Due date for corporation tax due for the year ended 31 December 2010.

19 October 2011 - PAYE and NIC deductions due for month ended 5 October 2011. (If you pay your tax electronically the due date is 22 October 2011.)

19 October 2011 - Filing deadline for the CIS300 monthly return for the month ended 5 October 2011.

19 October 2011 - CIS tax deducted for the month ended 5 October 2011 is payable by today.

1 November 2011 - Due date for corporation tax due for the year ended 31 January 2011.

19 November 2011 - PAYE and NIC deductions due for month ended 5 November 2011. (If you pay your tax electronically the due date is 22 November 2011.)

19 November 2011 - Filing deadline for the CIS300 monthly return for the month ended 5 November 2011.

19 November 2011 - CIS tax deducted for the month ended 5 November 2011 is payable by today.

DISCLAIMER - PLEASE NOTE: The ideas shared with you in this email are intended to inform rather than advise. Taxpayers' circumstances do vary and if you feel that tax strategies we have outlined may be beneficial it is important that you contact us before implementation. If you do or do not take action as a result of reading this newsletter, before receiving our written endorsement, we will accept no responsibility for any financial loss incurred.

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