



Editor's Welcome

Welcome to our third edition of Taxation Quarterly.

Over the last few months we have seen HM Revenue & Customs stepping up their efforts to try and collect as much tax as possible through a variety of different tactics.

Our cover story this quarter looks at their latest Campaign to recoup additional tax and gives you advance warning of future Campaigns to come.

We also focus on payroll, with an update on issues surrounding late payments and information regarding the Compulsory Workplace Pensions that will be introduced from October next year.

As these changes show, payroll legislation is complex and it's difficult for employers to keep up to date with all the changes unless they employ an in-house payroll specialist. Many small employers cannot afford this luxury, however our payroll service provides the benefits without the specialist price-tag.

With this in mind we have given you an insight into our payroll bureau service and how we can help lighten your load whilst also giving you a little extra...

Finally we bring you up to date with some recent HM Revenue & Customs developments from the last couple of months.

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The black economy in danger!

According to HM Revenue & Customs, Britain lost £35billion in uncollected taxes last year so it's no surprise that they are trying to do everything possible to recoup them.

Over the last few years HMRC have done this using various Campaigns, from Offshore Disclosure Campaigns to Medics and more recently Plumbers. In total the last four campaigns have raised over £495million in additional tax with a further £100million expected once open tax enquiries are finalised.

The targeted Campaigns are making it easy for people to "own up" to undeclared income, however HMRC are starting to take a very strong stance against those that should have owned up, but haven't. Just a few months ago HMRC arrested five plumbers for suspected tax evasion and have made it known that they are considering hundreds of other cases for criminal investigation.

HMRC have made it clear that they mean business! So, who's next in the firing line?

The next target for HMRC is Private Tutors and Coaches, in particular those providing private lessons including academic subjects, music, dance and fitness, art and life coaching, as HMRC believe that the majority of this income isn't declared. This Tax Catch-Up Plan (TCP) gives tutors to the end of March 2012 to tell

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HMRC about any undeclared earnings up to 5 April 2010 and pay the tax owed. If you want to make a disclosure you must let the Revenue know of your intention by 6 January 2012.

If individuals disclose voluntarily before the deadline, HMRC has promised that they will have the "best possible terms" for paying the overdue tax, and penalties should be no more than 20% of the unpaid tax. Those tutors that wait for the Revenue to come to find them will face higher penalties or even criminal prosecution.

Marian Wilson, head of HMRC Campaigns, said: "We are using various

intelligence sources to identify and then target those who do not take advantage of this opportunity to declare their full income. The message is clear: contact us before we contact you."

The Revenue are getting smarter in the way that they approach Campaigns and began writing to colleges for information regarding private tutors in July this year. Therefore in many cases they already know which individuals to target.

More Campaigns are planned for next year, starting with EMarketplaces (i.e. Ebay) in Spring 2012 and a second Campaign on Trades starting in early 2012.

For further information of these Campaigns go to www.hmrc.gov.uk/ris/hmrc-campaigns.htm.

If you think that you may need to make a disclosure under the TCP for private tutors and coaches contact your local Montpelier Director who will be able to assist you with this.

If you are concerned that future Campaigns may affect you, please contact Montpelier so that we can talk through the issues together and provide you with the best advice in advance of the campaign.

Stressed about payroll?

Let Montpelier take the strain...

For a lot of businesses, the ever-increasing burden of payroll legislation has become difficult to manage – it's now much more complex than putting wages in a pay packet and deducting tax and national insurance.

As the paperwork grows, the demands on your time increase and with the introduction of substantial in-year penalties for non-compliance, companies simply don't have the in-house resource to ensure that they comply.

HMRC are increasing the number of Employer Compliance Visits they make to businesses to ensure that payrolls are being operated correctly, and are having great success in generating additional tax from errors that could have been avoided.

By outsourcing your payroll to Montpelier we can lighten your load. Our payroll specialists can take care of all your payroll processing and reporting functions, regardless of the size or complexity of your organisation and payroll.

Our payroll bureau services are tailored to the needs of each individual business and are priced according to agreed levels

of responsibility. Our service is designed to reduce your overhead costs, improve efficiency and ensure that you are kept up to date with all payroll legislation.

We become, in effect, your payroll department, ready to respond to your needs and leaving you free to deal with your core activities. All you need to do is tell us how your employees are to be paid, provide us with the basic information and then sit back and let us do the rest!

By handing over the management of your payroll to us, you can be assured that a professional and experienced team will be taking care of your needs. Our team is highly trained and has extensive knowledge of payroll legislation and is able to respond quickly to your needs.

We can deal with your payroll needs by email, fax or phone, so you need never leave your business unattended to deal with payroll issues.



An offer you can't refuse...

NO ADDITIONAL FEES . . .

As part of our service we will deal with any HMRC Visit or Enquiry into your PAYE scheme, including attending the visit, and all subsequent correspondence at **no** extra charge* to you.

FREE LEGAL HELPLINE

We will provide you with access to a Legal Helpline, manned by specialised lawyers, covering all aspects of Employment Law, **FREE OF CHARGE**. There are no restrictions on how many times this service can be used.

*Subject to conditions

For a no-obligation quote or for more information regarding our payroll services, please contact your local Montpelier office or send an email to business@montpeliergroup.com quoting reference TQPAYE.

PAYE Penalty Update

Avoid being hit with PAYE penalties for late payments – here are the latest tips

Late Payments

The Revenue introduced penalties of between 1% and 4% for late payment of in-year PAYE from April 2010. If you are late paying your PAYE bill for any month during the year you are likely to receive a warning letter from the Revenue, however you will only be notified of an actual penalty after the end of the tax year. In fact the Revenue has up to 2 years after the late payment occurred to issue a penalty letter.

You won't be charged a penalty if you are only late paying once in a tax year, unless the payment is over six months late. Additional penalties of 5% will be charged if payments are still outstanding after six months and then again after 12 months, so the amounts can stack up.

You could also be charged a late payment penalty if you pay less than is actually due each month and then make an end of year adjustment. To avoid an in-year penalty you really need to try and pay the right amount on time every month.

Timing of Payments

You need to be really careful with the timing of payments. To be on time payments must be CLEARED by the 19th of the month (22nd if paying electronically). If you would like a copy of our information leaflet detailing the ways to pay and clearance times please email business@montpeliergroup.com.

It's essential that businesses in the Construction Industry holding a gross payment certificate make their PAYE payments on time, as failure to do so could result in the removal of gross payment status which can have serious cash flow implications for the business.

Time to Pay

Penalties will not be charged if you have a Time to Pay arrangement in place with the Revenue, therefore this could be useful if you think you may not be able to pay on time.

If you have any concerns that you won't be able to make your PAYE payment in time, please contact your local Montpelier office to discuss payment options.



Enquiry Update – Don't get caught out

We have seen an increasing number of HMRC Enquiries and Visits over the last few months and only last month HMRC announced an extension to its Business Records Check Programme (BRC), with the plan to complete 12,000 checks by the end of this financial year. Therefore it is more likely than ever that HMRC may knock at your door in the near future.

We have the expertise to handle enquiries and attend HMRC visits on your behalf so you get the best possible outcome. If you subscribe to our Tax investigations Service, this is provided at no additional cost to you. **Without subscribing to our service, a call from HMRC could be costly in tax, professional fees or both!**

Compulsory Workplace Pensions – Are you ready?

You may have seen in the media information relating to National Employment Savings Trusts (NEST), aka Compulsory Workplace Pensions. From October 2012 employers will be forced to make pension contributions for all or most of their employees.

Employers without a qualifying company pension scheme will be required to set up their employees in a NEST scheme, with an effective cost equal to a 3% pay rise for all staff.

The aim of the scheme is to target the un-pensioned mass of lower and medium-earning employees of smaller employers, and it will be phased in between October 2012 and October 2017, depending on the number of employees.

There are still many uncertainties regarding all aspects of the scheme, however there is likely to be much more detail available over the next few months leading up to auto-enrolment.

We will ensure that we keep you up to date with the developments as more information is made known. In the mean time we have produced a summary of the NEST scheme, its requirements and the effect it will have on employers. To get your copy of this summary please email business@montpeliergroup.com and quote reference TQNEXT.

24 Hour Free Business Helpline



In addition, our service provides business clients with free access to a 24 hour Business Legal Helpline, manned by specialist lawyers, covering all areas of law including Commercial matters, Employment and Health & Safety.

Over the last couple of years our clients have saved thousands of pounds in professional fees and tax by subscribing to our service.

Don't leave it to chance, subscribe to the service before HMRC make the call!

All you need to do to join the Tax Investigations Service is email Jacqueline Marley: jmarley@montpeliergroup.com or contact your local Montpelier office.

RECENT DEVELOPMENTS



Agency Workers Regulations 2010

Could you be affected?

These regulations came into force on 1 October 2011 and give agency workers equal treatment to employees in relation to Facilities and Amenities and after a 12-week period, Terms and Conditions.

It has been confirmed that contractors working through their own Limited Companies could be caught by these regulations and there is some concern that if the regulations apply it may bring some contractors within the IR35 regulations, especially where the contract isn't an accurate reflection of their working practices.

If you are a contractor and are concerned that these regulations may affect your status, please contact your local Montpelier Office.

Changes to CIS Late Return Filing Penalties

Penalties for late CIS contractor monthly returns changed from 6 October 2011. In many cases, penalties under the new scheme will be less than could be charged before.

For more information go to:
<http://www.hmrc.gov.uk/cis/penalties-late-returns.htm>

Swiss Bank Accounts – do you need to own up?

The Revenue has announced that it is to begin writing to UK residents and organisations that hold bank accounts with HSBC Geneva.

HMRC suspects the 6,000 individuals, companies, trusts and other bodies involved may not have reported all of their income and gains, based on information it received last year.

A time period is going to be offered for disclosures to be made before investigations start into those who don't come forward. The work will be led by HMRC's new Offshore Co-ordination Unit, which is due to become operational at the end of this month.

Dave Hartnett, HMRC's Permanent Secretary for Tax, has stressed that 'This is not an amnesty. There are no special rates of penalty or interest for those who come forward voluntarily. This is an opportunity for those who have made errors in past returns to correct them.'

If you have any concerns that this may affect you, please contact your local Montpelier office.



Mortgage Applications – can you evidence your income?

HMRC launched its Mortgage Verification Scheme on 1 September 2011 where, for a small fee, mortgage lenders can send details of mortgage applications to HMRC for verification.

This new initiative has been set up to try and beat mortgage fraud, which the National Fraud Authority estimates cost £1 billion last year. Mortgage lenders will only send information to HMRC if they have inadequate evidence of declared income. HMRC will then check income details against information provided in Self Assessment Tax Returns and P35 End of Year Returns and advise lenders whether or not the details match.

The scheme will also enable HMRC to risk-assess whether the information they have regarding the applicant's tax affairs are correct.

For more information go to :
http://www.bsa.org.uk/mediacentre/press/mortgage_verification_scheme.htm

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