

# NEWSLETTER SEPTEMBER 2013

## GIFT AID SMALL DONATIONS SCHEME

HMRC have published detailed guidance for charities and community amateur sports clubs (CASCs) on the new Gift Aid Small Donations Scheme (GASDS). Eligible charities and CASCs can claim payments from HMRC on small cash donations of £20 or less that they receive from 6 April 2013.

If you would like any advice in this area please do get in touch.

## GOVERNMENT PUBLISHES 'SUPPORTING AUTOMATIC ENROLMENT'

Under Pensions Auto Enrolment employers will have to automatically enrol eligible workers in a qualifying pension scheme and make pension contributions for those employees. The Auto Enrolment process is being rolled out in stages and the contributions will be increased over time to broadly 8%.

The government backed pensions option is the National Employment Savings Trust (NEST) which has received some criticism. To establish the level of concern, the Department of Work and Pensions sought views and evidence on whether the annual contribution limit and transfers restriction would impact many employers and employees. The government has now published the response to consultation.

Steve Webb Minister for Pensions said:

*'With over 250,000 members already, it is clear that NEST is a success. Targeting low to moderate earners that the market has traditionally forgotten, NEST has innovated with its use of language and investment strategy and has ensured that everyone has access to quality pension provision. That is why I am not making any changes until 2017, when automatic enrolment is fully rolled-out. At this point I will lift the contribution limit so that NEST remains a force for good in the marketplace, driving up standards and best practice.'*

*'The position on bulk transfers is much the same. As huge numbers of employers gear-up to start to enrol their workers, we need NEST to focus on getting these people in to pension saving. Once this is achieved and the market is established, the restrictions on bulk transfers will be lifted.'*

If you would like further advice on Pensions Auto Enrolment please do get in touch.

## SINGLE COMPLIANCE PROCESS

HMRC have been trialling a new approach to enquiries, known as the Single Compliance Process (SCP).

Following feedback from the trial HMRC have now agreed that the opening letter, which advises the taxpayer that they are to be subject to the SCP, will give the taxpayer seven days to tell HMRC if they wish to deal directly with the matter themselves. If the taxpayer does not reply, HMRC will contact the taxpayer's agent within 14 days to progress the case. If contact or progress cannot be made, then HMRC will go back to the taxpayer.

If you receive a letter advising that you are to be subject to a SCP then do please get in touch so we can deal with this matter on your behalf.

## HMRC ANNOUNCE LATEST TASKFORCES

The latest targets in HMRC's sights are tax dodger's involved in:

- the holiday industry in Blackpool, Lake District, North Wales, Devon and Cornwall
- restaurants in Yorkshire and Humber

- road hauliers in the Midlands and
- the fishing industry in Scotland.

David Gauke, the Exchequer Secretary to the Treasury, said:

*'We are determined to support hardworking people who want to get on in this industry and every other. However, the people being targeted by this taskforce have no intention of playing by the rules. The Government has made it clear that we will not tolerate tax evasion and we have provided HMRC with the resources to crack down on those who break the rules.'*

HMRC have collected more than £80 million as a result of taskforces launched since 2011/12 and expect to recover over £90 million per year from taskforces launched over the next three years.

#### **PARENTS WITH HIGHER INCOMES MUST REGISTER FOR SELF ASSESSMENT**

HMRC are reminding parents with higher incomes who continued to receive Child Benefit after January 2013 that they must register for Self Assessment by 5 October 2013 to avoid any penalties in relation to the High Income Child Benefit Charge.

HMRC have announced that they will be writing to approximately 2 million higher rate taxpayers over the next few weeks, including those affected by recent changes to Child Benefit. The letter reminds them that if their income is over £50,000 and they or their partner received Child Benefit in 2012/13, they will need to complete a Self Assessment tax return for the 2012/13 tax year. They must register with HMRC for Self Assessment if they have not already done so.

According to HMRC, over 390,000 people with higher incomes have already opted out of receiving Child Benefit.

HMRC's Chief Executive, Lin Homer, said:

*'HMRC is committed to helping people pay the right amount of tax. If you have had certain changes to your income in the last year, including those affected by the changes to Child Benefit, you have until 5 October to register for Self Assessment.'*

If the charge does apply, then the taxpayer must register for Self Assessment for the 2012/13 tax year by 5 October 2013, so that they can declare the Child Benefit received, and pay the tax charge on time and avoid any penalties.

If you would like any help or advice on whether or not you need to register, or whether you should opt to stop receiving Child Benefit, please do get in touch.

#### **PENSION 'LIBERATION'**

The ICAEW have issued a warning that individuals are being approached by firms offering to help them 'unlock' their pensions or access them early. Some unscrupulous firms are using misleading information and in some cases offering personal loans or cash incentives to entice savers to cash in their pensions early. This is known as pension 'liberation'. For further information use the link to the Pensions Regulator website below.

The ICAEW are warning that those taxpayers who decide to take the initiative themselves and access their pensions early will find that some or all of their hard earned pension savings may be at stake. This is because the normal rule is that you cannot generally access pension savings before you reach the age of 55 at the earliest.

Those opting for pension 'liberation' will generally be liable to pay a tax bill of more than half of their pension savings and may have to pay further tax penalties as well. Additionally, the provider usually imposes significant charges, sometimes up to 20%. The ICAEW website provides details of the potential tax liabilities and charges and also a link to report firms promoting pension 'liberation'.

Please do get in touch if you would like further guidance in this area.

#### **HMRC'S MOST WANTED TAX FUGITIVES**

HMRC has published an updated list of their most wanted 'tax fugitives' and announced that a 'fraudster' has been apprehended at Heathrow Airport whilst travelling on a false passport, following almost ten years on the run.

HMRC have published a gallery of its 2013 most wanted and announced the capture of one of the most wanted tax criminal fugitives.

The 2013 list includes updated information on the original 20 together with the addition of 10 more tax fugitives. These fugitives are being pursued for a range of crimes including VAT fraud, tax evasion and money laundering. According to HMRC their crimes have cost the taxpayer between £100,000 and £10 million.

Anthony Judge, who was wanted for his role in over £350,000 of tax fraud, was stopped at Heathrow Airport last month as he attempted to enter the UK on a forged passport.

Chancellor of the Exchequer George Osborne said:

*'Our message is clear; tax fraud and evasion is illegal and will not be tolerated. Millions of hard-working people pay their taxes and it is they who are being defrauded. The government has stepped up HMRC's enforcement activities to enable them to pursue tax cheats relentlessly around the world.'*

## **A MILLION ZERO HOUR CONTACTS**

New research suggests that the number of workers on zero hour contracts, with no guarantee of hours or pay, are becoming more widespread.

Research by the Chartered Institute of Personnel and Development (CIPD) shows that there are up to a million workers on zero hour contracts. The survey also showed that only 14% of workers on these contracts were let down by their employers by them failing to provide sufficient hours each week.

However figures from the Office for National Statistics (ONS) show that only 250,000 people on zero hour contracts.

Zero hour contracts have become more widespread over recent years, particularly in the hospitality and retail sectors, where businesses view them as a cost effective way of satisfying short term staffing needs by using 'on call' staff.

Peter Cheese the CIPD's CEO said:

*'Zero hours contracts, used appropriately, can provide flexibility for employers and employees and can play a positive role in creating more flexible working opportunities. This can for example allow parents of young children, carers, students and others to fit work around their home lives.'*

*'However, for some this may be a significant disadvantage where they need more certainty in their working hours and earnings, and we need to ensure that proper support for employees and their rights are not being compromised through such arrangements. Zero hours contracts cannot be used simply to avoid an employer's responsibilities to its employees.'*

## **HMRC INTRODUCE NEW SAFEGUARDS FOR DEBT COLLECTION VISITS**

HMRC have introduced a Field Force Verification Helpline, so that taxpayers can easily check whether or not a caller on their doorstep claiming to be from HMRC is genuine.

Every year, HMRC visit a small number of taxpayers who have not paid their tax or arranged to repay overpayments of tax credits, in order to collect the debt. The Debt Management and Banking's Field Force Collectors may visit a taxpayer's home or business premises. HMRC always give advance warning that a visit may take place if a debt is not paid.

HMRC advise:

'To provide a safeguard against bogus callers in these situations, HMRC has introduced a new Field Force Verification Helpline

To access the helpline, customers should follow these simple steps:

- Ask to see the Collector's photo ID
- Make a note of the ID number on the photo ID
- Call 0300 200 3862
- Provide HMRC with the ID number you've noted

Our operators will then be able to confirm to you whether or not your caller is genuinely an HMRC Collector.

To help to explain the purpose of the visit and the rights and responsibilities of customers, we have also produced a new leaflet. Every customer visited, from 13 August onwards, will be given a copy of this by the Collector on arrival at the customer's premises. This also includes the Field Force Verification Helpline number.<sup>7</sup>

If you have any concerns about paying your liabilities please do get in touch.

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<sup>i</sup> *The articles in this newsletter are of necessity summaries of the topics covered. The publisher has taken all due care in the preparation of this publication. No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or the publishers. The publisher accepts no responsibility for the content of any material provided by third parties or for the content of any hypertext site referred to in this publication. The Publisher accepts no responsibility for the content of any website of other document referred to in this publication.*