

Employment Law & Online Filing:

Is your business ready for the new
tax year?

Wednesday 29th February 2012

Hart Shaw & Banner Jones

About Hart Shaw

HART SHAW

Chartered Accountants & Business Advisers

- Management and Business Consultancy
- Taxation Planning
- Taxation Investigations
- Financial Planning
- Business Recovery and Insolvency
- Business Support and Advice
- Assurance and Advisory
- Corporate Finance

...and of course

accounts preparation and tax returns

About Banner Jones

- Full service award winning law firm
 - Personal Injury
 - Divorce, Family, Mediation
 - Criminal Defence
 - Wills and Probate
 - Residential Property
 - Dispute Resolution
 - Employment Law
 - Notary Public
 - Company Formation
 - Commercial Property
 - Company Finance
 - Partnership Agreements
 - Debt Recovery
 - Employment
 - Corporate Crime
- Offices in Chesterfield, Sheffield, Bolsover, Clay Cross and Dronfield
- Established for over 130

Employment Law Update

29 February 2012



Trevor Hughes
Head of Employment
Banner Jones Solicitors

Employment & Self Employment

- The Characteristics
- The Legal Tests
- Control Test
- Economic Reality Test
- The Multiple Test



Redundancy

- REDUNDANCY The Definition
- Procedures
- Notice
- Consultation
- Pool
- Selection Criteria
- Suitable Alternative Employment



Redundancy Compensation

- The Statutory Calculation
- Basic Pay
- Age
- Date of Commencement
- Date of Termination
- Notice Pay



Compromise Agreements

- Definition
- Contents
- Benefits
- Disclaimers and Agreements



Agency Workers

- Agency Workers Regulations 2010
- Right to Pay and Benefits
- 12 Week Limit
- Exclusions



What's Coming...

- Deposits
- Costs
- Fees
- Qualifying Employment
- Confidential Conversations
- Composition of Tribunals
-and Much More



Thank You

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Employment Taxes Update

29 February 2012

Adrian Dunkley
Tax Manager
Hart Shaw

Introduction

1. Changes ahead – the future of PAYE
2. Payroll – common problem areas
3. Benefits in kind
4. Employed or self employed?
5. Termination payments

Changes Ahead

- 15% reduction in costs required before 2015
- £900m to address the tax gap and tackle tax avoidance and evasion
- £100m to improve the operation of PAYE
- Increase in criminal prosecutions
- New dedicated team of tax investigators

The Future of PAYE

- Real Time information (RTI)
 - trial from April 2012, live from April 2013
 - monthly submission of pay calculations to HMRC
 - details of NI alterations re SSP/SMP
 - details of CIS recoveries
 - Payroll process largely unchanged
 - P35's, P14's and P38A's no longer required
 - issue of payslips and P60's still required
 - P45's replaced by "leaver statement"
- NINO verification service
 - 80% of data quality procedures caused by incorrect personal information

Payroll Problem Areas

- Directors' earnings periods
- SSP and SMP payments
- Redundancy / termination payments
- Payroll deductions
- NIC on benefits
- Use of out of date tax tables
- Tax codes
 - incorrect codes
 - tax codes incorrectly operated
- Online filing difficulties
 - forms P35, P60, P45

Payroll Problem Areas

- Penalties
 - late filing - £100 per month
 - late payment
 - up to 3 defaults – 1%
 - 4 to 6 defaults – 2%
 - 7 to 9 defaults – 3%
 - 10 or more – 4%
- “Reasonable excuse” and “reasonable care”

Benefits in Kind

- Travel and subsistence
 - Subject no S337 ITEPA 2003
- Company vehicles
 - “Pool” cars
 - Vans
- Permanent health insurance
 - Personal policy, employer pays the premiums
 - Employer policy for named employee
 - Employer group policy for all employees
- Dispensations
- Salary Sacrifice
 - Requires future remuneration to be given up
 - Effect on future cash salary, pension contribution?

Non-taxable Benefits

- Beneficial loans
- Statutory authorised mileage rates
- Car parking spaces
- Subsidised transport
- Bicycles
- Annual parties and functions
- Employer pension contributions
- Canteen meals
- Mobile phones

Employed or Self Employed

- Employment status not a matter of choice
 - Consideration of all factors
 - Reliance on “self employed” contracts
- IR35 legislation
 - transfer of the risk to the worker/worker’s company
- CIS
 - Contractors monthly declaration
 - Maximum £3,000 penalty if negligent or deliberate

Termination Payments

- Key questions
 - express or implied contractual entitlement?
 - Is the payment in reality a terminal bonus?
 - Is the payment in respect of a restrictive covenant?
 - Is the employee retiring?
- £30,000 tax-free payment

Summary

- PAYE Audits
- Employer Compliance Visits
- HMRC Interventions

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