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THE BCS PARTNERSHIP LTD

NEWSLETTER MARCH 2014



~ VAT Reporting ~

The European Commission is to recommend that monthly VAT returns should be introduced. What are the implications?

Your VAT reporting obligations could be increased threefold under EC plans at cutting red tape. From January 2017 the Commission aims to introduce a standard VAT return for all businesses which will include the requirement to file monthly VAT returns. Currently, the majority of UK businesses file quarterly VAT returns, unless they receive regular repayments, in which case they can make monthly returns. Potentially, you will have to complete twelve VAT returns per year instead of the current four.

Following a year-long consultation the Commission has proposed a new format which is intended to reduce the number of boxes requiring completion to five. All businesses with a turnover above £1.7 million will have to submit VAT returns on a monthly basis, meaning that small firms should not be affected.

~ Petrol & Diesel Advisory Fuel Rates ~

HM Revenue and Customs has left Petrol and Diesel Advisory Fuel rates unchanged, apart from increasing the LPG rate from 16p to 17p.

Engine Size	Petrol	LPG	Diesel
1400 cc or less	14p	9p	
1600 cc or less			12p
1401 cc to 2000 cc	16p	11p	
1601 cc to 2000 cc			14p
Over 2000 cc	24p	16p	17p
Fuel Cost	129.9 ppl	70.0 ppl	137.5 ppl

~ Payroll ~

Employer's will lose SSP Subsidy

For most employers the change shouldn't be a major cost. Currently, where you pay SSP to employees and it amounts to more than 13% of your total NI contributions (employees' plus employers') for the same month you can claim back the excess. For example, if your company paid SSP of £250 in a month and your total NI bill for the same month is £1,000, you can reclaim £120 ($£250 - (£1,000 \times 13\%)$).

From April 2014 the SSP compensation scheme will be scrapped. Currently, it provides those employers who have a relatively low wages bill with a government contribution towards the cost of paying employees while they are off work due to illness.

~ HMRC Cuts Official Rate of Interest ~

For the first time in four years HMRC has changed its official rate of interest. With effect from 6 April it will fall from 4% per annum to 3.25%.

The official rate is the rate it uses to work out the value of certain benefits in kind - mainly where an employer lends more than £10,000 (£5,000 up to 5 April) to a director or employee.

~ Directors' Loans - Dividend 'Trap' ~

In a personal or family company scenario, the directors often borrow money from the company. Although this can be useful, tax issues arise where the loan remains outstanding nine months and one day after the end of the accounting period.

If the loan is not repaid within this timescale, details of the loan must be included within the company tax return and the company must pay Corporation Tax at 25% of the balance of the loan. The tax is due on the normal due date for Corporation Tax. Interest is charged to the extent that the tax is paid late.

If the loan is repaid before the Corporation Tax due date there is no Corporation Tax to pay on the loan balance.

The tax-free limit is increasing from £5,000 to £10,000 in April 2014.

~ Claim your £2,000 NI Allowance ~

After you have sent your RTI full payment submission for payrolls run after 5 April you can file an employer payment summary (EPS) specifically to claim the Employment Allowance (EA). Most payroll software, including HMRC's **Basic PAYE Tools**, will be changed to show a "yes/no" indicator asking if you want to, i.e. are entitled to claim the allowance. If you choose "yes", and EPS will be generated to submit to HMRC.

~ Long Term Sickness ~

The Inner House of the Court of Session in the case of *BS v Dundee City Council* has reviewed the case law applying to long-term ill-health dismissals. It concluded that the Employment Tribunal had not used the correct tests when addressing the question of whether the employer should be expected to hold open the employee's job any longer than it had.

Ill-health is a potentially fair reason to dismiss an employee. It has been established that in order for an ill-health dismissal to be fair, the employer must usually ascertain the medical prognosis, consult with the employee and consider alternative employment.

The Inner House agreed with the EAT that the Tribunal had not applied the correct tests and the that case should be remitted. The Inner House considered that the Tribunal had failed to have sufficient regard to key principles from case law as follows:

- It is essential to consider whether the employer can be expected to wait any longer in cases of long-term sickness absence.
- There is a need to consult with the employee and take his views into account.
- There is a need to ascertain the medical position (although this does not require the employer to pursue a detail medical examination).

The following should be balanced:

- The availability of temporary cover and its cost.
- The fact that the employee has exhausted his sick pay.
- Administrative and OH costs which are likely to be incurred.
- The size of the organisation.

~ Company Cars - The Alternatives - Seminars ~

BCS are continuing to run their very successful seminars on:-

"Company Cars - The Alternatives"

½ Day - 9.30 am - 12.30 Noon

Full notes are provided and an opportunity to meet two of the UK's leading experts on Company Cars.

Milton Keynes - Thursday 3rd April - Holiday Inn Milton Keynes East, M1 Junction 14, London Road, Newport Pagnell.

Bristol - Thursday 8th May - Alveston House Hotel, Davids Lane, Alveston, Thornbury, Bristol.

Birmingham - Thursday 12th June - Holiday Inn, Chapel Lane, Great Barr, Birmingham.

Milton Keynes - Thursday 10th July - Holiday Inn Milton Keynes East, M1 Junction 14, London Road, Newport Pagnell.

£149 + VAT for (1) Delegate - £199 + VAT for (2) Delegates

Details and booking on-line can be found at :- <http://www.bcspart.co.uk/> or telephone **01706 646664**.

For the 2014 programme, see <http://www.bcspart.co.uk>

For further advice and guidance on any of the above topics, please contact BCS on 01706 646664.

The BCS Partnership Ltd., Merlin House, 4 Beaumonts Way, Rochdale, OL11 5NL
 Tel: 01706 646664 Fax: 01706 345367 Email: enquiries@bcspart.co.uk Web: <http://www.bcspart.co.uk/>
 Registered in England & Wales Company No. 2841028 VAT Reg. No. 606 6748 24 Registered office as above.