



# NEWSLETTER

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## Welcome to the Copson Grandfield Newsletter.

Inside you will find topical comments,  
& more useful tax tips.

### RTI Deadline Extended for Small Firms



Good news for Small Businesses still struggling to get to grips with Real Time Information (RTI).

HMRC has announced that it will exempt employers with fewer than 50 staff from RTI late filing penalties until **6 March 2015**. Until that date, they will be allowed to continue submitting PAYE information monthly.

Real Time Information, as the name suggests, requires employers to provide information about Tax and National Insurance deductions every time they pay an employee, rather than annually. The original deadline for implementation by small firms was 6 October this year.

The relaxation for small firms (those with 50 or fewer employees) is the latest in a series of deadline moves since RTI was rolled out in October 2013. The move to RTI saw one of the biggest changes to the PAYE/ Payroll system since its inception in 1944, therefore HMRC have been rather lenient in terms of penalties, allowing employers time to adjust to the changes.

HMRC's Ruth Owen said: "We know that those who have had most difficulty adjusting to real-time reporting have been small businesses, so this staged approach means they have a little more time to comply with the new arrangements before facing a penalty."

Employers with 50 staff or more will still be fined if they file PAYE returns late after the 6 October deadline.

## Considering Working Abroad?

The thought of working abroad can sound rather attractive; however there are a few things you need to consider before you start packing your bags....

There can be tax advantages to working abroad, for example; Employees may be able to claim flat rate expenses, however there are also potential pitfalls, such as Withholding Tax for the Self Employed.

Some countries even enforce an upfront tax system, where you pay in advance based on predicted earnings!



If you are considering working abroad please contact us, we will then be able to advise you on the best business model to suit your needs.

Also don't forget that the rules vary from one country to another; therefore don't assume that what will be suitable for one country will also apply elsewhere.

Luckily we won't need to consider this for working in Scotland now!!!

## Other News

Congratulations to Phoebe Grandfield and her recent success at the ITF (International Taekwondo Federation) World Championships in Rome.



Not content with just one medal, Phoebe went for the hat-trick and literally kicked her way through the competition, walking away with three!!!

Bradley better keep on her good side, otherwise he'll be in trouble!

## Staff News

Lynn Sanders has now retired after many years of loyal service. She will be greatly missed and we wish her well in her retirement.

Stuart Andrews recently completed the Berlin Marathon, setting a personal best of 3hrs, 52mins and 15secs (3.52.15).

Helen Coles has now joined our tax team.

## Loans for Small & Medium Enterprises continue to fall

Figures released by the Bank of England (BoE) show that despite the Government's Funding for Lending Scheme (FLS), SMEs are still not receiving the boost that was hoped for.



John Longworth, Director General of the British Chambers of Commerce, said: 'The real test for the scheme has always been whether it is able to get credit flowing to young and fast-growing businesses. Unfortunately many of these firms remain frozen out when it comes to accessing the finance they need to fulfil their potential.'

The figures show that net lending by the banks involved in the FLS fell by £3.5 billion between April and June. Specifically, lending to SMEs fell by £435 million.

John Allen, national chairman of the Federation of Small Business, said: 'Small firms are increasingly confident across every sector, and in every region. But these new FLS figures again show that growth ambitions are not being translated into demand for finance, especially for small businesses that have not been able to capitalise on cheaper credit.'

The BoE has claimed that 'some of the weakness in bank lending to smaller businesses, which have persisted despite the fall in bank funding costs, may reflect weaker demand. The FLS extension will continue to support lending to SMEs in 2014.'

## When the Taxman comes knocking... know your rights!

It's commonly known that HMRC are out to collect as much tax as possible. However, some practices adopted by The Revenue are perhaps not as widely advertised as they could be...

HMRC are believed to be using increasingly aggressive, and some could argue, underhand tactics in a bid to recover lost tax, such tactics include unannounced visits to business premises and attempts to inspect business records without prior warning.

In addition to the above, many taxpayers are either intimidated by the revenue, or simply do not know their rights, leaving themselves vulnerable to attack.

*Some key points to be aware of:*

An inspection may be carried out **only** at a time agreed to by the occupier of the premises, or if the occupier has been given at least **7 days' notice** of the time of the inspection (in writing or otherwise).

An officer of HMRC can require a taxpayer to provide information, or produce documents, if it is **'reasonably required'** by the officer for the purpose of checking the taxpayer's tax position.

The term 'Reasonably required' if not defined, however if an inspector is merely looking at one aspect of your business, it could be argued that information outside of that area is not relevant.

An officer may also enter a person's business premises and inspect; business assets and documents that are on the premises. But again this is only if **'reasonably required'** for the purpose of checking that person's tax position.

These powers **do not** extend to any part of a premises that is used solely as a dwelling.

An inspector can also copy or remove documents if it appears **necessary** to do so. This is granted via an 'information notice', which is a type of warrant. Such notices do not extend to personal documents, or if the document is deemed 'old', in this case over 6 years.

Please note that it is vital that you seek professional advice prior to any HMRC visit, and that if the taxman does come knocking, it doesn't automatically give them the right to inspect your records or premises.

Please also be aware that the above is only a very brief insight into the legislation, more detailed information can be found via the following link:

[http://www.hmrc.gov.uk/manuals/chmanual/attachments/sch\\_36\\_v2.htm](http://www.hmrc.gov.uk/manuals/chmanual/attachments/sch_36_v2.htm)

## Tax Tip: Travel & Entertaining

HMRC appear to have been looking more closely at Entertaining & Travel Expenses in recent months, either with a view of restricting, or entirely disallowing certain items of expenditure.

We therefore suggest that our clients combat this with improved record keeping. A detailed log of your expenses will help justify any deductions in your accounts, and hopefully satisfy the revenue should they choose to investigate, for example:

Entertaining; it would be wise to not only keep receipts, but to also list the names of the people/ businesses you are liaising with, plus the purpose of the meeting, venue etc.

Similarly; Travel Expenses should also be carefully logged, perhaps listing the mileage travelled, who you are visiting etc.

Forewarned is forearmed, it's always good to have an answer **before** HMRC ask the questions!

## Tax powers to be devolved to Welsh government

Finance Minister for Wales, Jane Hutt, has revealed plans allowing the Welsh government to collect its own taxes for the first time since the 13th century.

The Welsh government currently receives its budget from the Treasury and is consequently unable to vary taxes, or borrow money. However, powers over business rates, stamp duty land tax and landfill tax are now due to be devolved to it.

Ms Hutt announced that a Welsh Revenue Authority, responsible for ensuring taxes are collected, would be created. She said that Wales would be able to "shape taxes which are better suited to Welsh circumstances and proposals".

A consultation will run until 15 December, with a bill due to be published next July and the new powers due to begin in 2018. There will also be a 'taxpayers charter' designed to outline the rights and responsibilities of both citizens and the authorities.

An inquiry called the Silk Commission, set up last November by the UK Government, recommended devolving tax powers to Wales, including authority to vary a portion of income tax by the year 2020 if approved by a referendum.

Meanwhile, support for Welsh independence has fallen to its lowest recorded level, according to a poll for BBC Wales.

The survey, carried out soon after Scotland voted to remain in the Union, found that only 3% of Welsh citizens wanted Wales to be independent. However, there was more support for the idea of more powers being devolved to the Welsh Assembly, with 49% in favour.



## Job Vacancy

We are looking to recruit an additional member of staff for our busy accounts team.

The successful applicant should be part qualified with at least 3 years relevant experience within an accounting practice.

If you know of anyone that may be interested please ask them to either get in touch by phone, or e-mail their CV to: [lorraine.banks@copsongrandfield.co.uk](mailto:lorraine.banks@copsongrandfield.co.uk)

## Tax Credits

HMRC have announced that more than three million people renewed their tax credits on time this year, with many taking advantage of the new online option.

For the first time, 390,000 renewed via GOV.UK – nearly half of whom used a mobile devices to renew.

The busiest day online was 31 July when over 21,000 claimants renewed. Over 1.2 million people called HMRC's tax credit hotline to renew, while over 1.3 million renewed by post.

David Gauke, Financial Secretary to the Treasury, said: I am delighted so many people have renewed on time, ensuring they get the financial help they are entitled to. I'm pleased so many took the option of renewing online, showing that HMRC is truly becoming digital by default and making services simpler and cheaper for taxpayers.

Anyone who has not yet renewed their tax credits but should have done so should call HMRC straight away on 0345 300 3900 to ensure their payments do not stop, or to reinstate them if they have already.

More information is also available online at [gov.uk/browse/benefits/tax-credits](http://gov.uk/browse/benefits/tax-credits)

## Research shows tax evasion passing £80 billion

The Public and Commercial Services Union (PCS) and Tax Research LLP have released findings of their probe into tax evasion and avoidance.

The total tax gap; 'the difference between the tax that should be paid in the UK if the tax system worked as parliament and HMRC intended, and the amount actually paid', is estimated to be over £119 billion in total for 2013/14.

According to the PCS, tax evasion cost the UK £73.4 billion in 2011/12, while official Government figures put losses from tax evasion at a mere £22.3 billion.

The PCS 2013/14 prediction is that tax evasion now stands at £82.1 billion. Over half of this figure is down to trading in the shadow economy.

The rest of the tax gap was accounted for by tax avoidance – defined as 'tax that is lost when a person claims to arrange their affairs to minimise tax within the law in the UK or in other countries' – at an estimated £19.1 billion; and also unpaid tax debt which amounts to £18.2 billion.

## Self-Assessment

It's that time again.... As the summer slips away and the pubs begin to take Christmas bookings, it can only mean one thing..... Tax Season!!!

If you haven't yet filed your 2013/14 Tax Return please be aware that time is running out. The deadline for submission to HM Revenue & Customs is 31 January 2015.

Failure to meet the deadline will result in an automatic £100.00 penalty, regardless of whether you owe tax or not! Continued failure to submit your return may also result in daily penalties, which can become very expensive, very quickly.

If you are unsure of what details you need to provide, or need any help/ advice obtaining the required information, then please do not hesitate to contact either your Portfolio Manager, or a member of our Personal Tax Team.

## Accountants are a Joke!

1. What do accountants do for fun? Add the telephone book!
2. What's the difference between an accountant and a lawyer? An accountant knows he's boring.
3. Why did the accountant stare at his glass of orange juice for three hours? Because on the box it said 'Concentrate'.

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