

## Enews June 2020 for clients of:

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In this month's Enews we report on new advisory fuel rates for company cars, the latest tax refund scam warnings, and National Minimum Wage enforcement from HMRC.

A new consultation has been launched on off-payroll working in the private sector, State Aid approval has been granted for Enterprise Management Incentive schemes and a report has been issued on Universal Credit and the self-employed. We also report on the Welsh Assembly's plans for Welsh income tax rates.



One of the drawbacks of homeworking can be isolation. By using Zoom software, we are holding regular staff meetings to share successes and concerns together. If you would like a Zoom meeting with us to discuss your accounts or tax position, please contact us.

### Article Index

- **Advisory fuel rates for company cars**
- **Tax refund scams warning from HMRC**
- **200,000 receive back pay as HMRC enforce National Minimum Wage**
- **Off-payroll working in the private sector consultation**
- **Universal Credit and self-employment**
- **State Aid approval granted for the Enterprise Management Incentive**
- **Wales to set devolved income tax rates**

## Advisory fuel rates for company cars

New company car advisory fuel rates have been published which take effect from 1 June 2018. The guidance states: 'You can use the previous rates for up to one month from the date the new rates apply'. The rates only apply to employees using a company car.

The advisory fuel rates for journeys undertaken on or after 1 June 2018 are:

<b>Engine size</b>	<b>Petrol</b>
1400cc or less	11p
1401cc - 2000cc	14p
Over 2000cc	22p
<b>Engine size</b>	<b>LPG</b>
1400cc or less	7p
1401cc - 2000cc	9p
Over 2000cc	14p
<b>Engine size</b>	<b>Diesel</b>
1600cc or less	10p
1601cc - 2000cc	11p
Over 2000cc	13p

The [guidance](#) states that the rates only apply when you either:

- reimburse employees for business travel in their company cars
- require employees to repay the cost of fuel used for private travel

You must not use these rates in any other circumstances.

If you would like to discuss your car policy, please contact us.

**Internet link:** [GOV.UK AFR](#)

## Tax refund scams warning from HMRC

HMRC has issued a warning to taxpayers regarding the latest tax refund scams. These scams are targeting individuals via email and SMS messages.

HMRC is currently processing genuine tax refunds for the 2017/18 tax year and the fraudsters are sending scam messages which claim that taxpayers are entitled to a rebate. These messages go on to request that they provide their personal and account details in order to make their claim.

HMRC is keen to stress that it will only ever inform individuals of a tax refund by post or through their employer, and never via email, text messaging or voicemail.

Commenting on the issue, Treasury Minister Mel Stride said

*'We know that criminals will try and use events like the end of the financial year, the self-assessment deadline, and the issuing of tax refunds to target the public and attempt to get them to reveal their personal data'.*

HMRC is advising taxpayers not to click on any links, download any attachments or provide any personal information, and to forward any suspect messages to HMRC.

Internet link: [GOV.UK news](#)

## 200,000 receive back pay as HMRC enforce National Minimum Wage

BEIS and HMRC are urging underpaid workers to complain about National Minimum Wage (NMW) and National Living Wage (NLW) underpayments. Recent figures show that the number of workers receiving the money they are owed has doubled.

During 2017/18, HMRC investigators identified £15.6 million in pay owed to more than a record 200,000 of the UK's lowest paid workers. This is an increase on the previous year's figures of £10.9 million for more than 98,000 workers.

HMRC launched its online complaints service in January 2017 and believes this has contributed to the 132% increase in the number of complaints received over the last year and the amount of money HMRC has been able to recoup for those unfairly underpaid.

The figures are published as the government launches its annual advertising campaign which encourages workers to take action if they are not receiving the NMW or NLW. The online campaign urges underpaid workers to proactively complain by completing an HMRC [online form](#).

HMRC state that the types of business receiving most complaints include restaurants, bars, hotels and hairdressing.

Business Minister Andrew Griffiths said:

*'Employers abusing the system and paying under the legal minimum are breaking the law. Short changing workers is a red line for this government and employers who cross the line will be identified by HMRC and forced to pay back every penny, and could be hit with fines of up to 200% of wages owed.'*

*I would urge all workers, if you think you might be being underpaid then you should check your pay and call Acas on 0300 123 1100 for free and confidential advice.'* Please contact us for help with payroll matters.

Internet link: [GOV.UK news 200000 receive back pay](#)

# Off-payroll working in the private sector consultation

HMRC has launched a consultation on how to tackle non-compliance with the off-payroll working rules in the private sector and are asking for comments on the best way to do this.

HMRC estimates only 10% of PSCs that should apply the legislation actually do so, and the cost of this is projected to increase from £700m in 2017/18 to £1.2bn in 2022/23.

This consultation provides an early evaluation of the public sector reform and invites responses on how best to deal with non-compliance in the private sector.

This consultation considers a number of potential options for tackling the non-compliance with the off-payroll working rules in the private sector. However, the fundamental principles of the off-payroll working rules, that the employment status test determines who should be taxed as employees, are not being considered as part of this consultation.

## In respect of the public sector

*‘HMRC has analysed PAYE data covering the first 10 months of the reform, from April 2017 to February 2018. This shows that in any given month since the reform was introduced, there are an estimated 58,000 extra individuals who are paying income tax and NICs undertaking work for a public authority above expected levels.*

*HMRC estimates that an additional £410 million of income tax and NICs has been remitted from these engagements, since the public sector reform was introduced.*

*On the basis of this evidence, the government’s assessment is that the public sector reform has been successful both in increasing tax compliance and resolving the compliance challenges faced by HMRC in enforcing the off-payroll working rules in the public sector.’*

## Private sector

*‘The government considers extension of similar reform to the private sector to be the lead option which will effectively tackle non-compliance.’*

The consultation closes on 10 August. We will keep you updated on this issue.

Internet link: [GOV.UK consultation](#)

# Universal Credit and self-employment

The government has published a report, Universal Credit: supporting self-employment which considers the issues faced by self-employed claimants.

The report considers the impact of the Monthly Income Floor (MIF) earnings requirement. To be eligible for Universal Credit (UC) claimants must earn the MIF. However, the MIF assumes self-employed claimants earn a regular income at least equal to the National Minimum Wage and makes no provision for those with income and expenditure that vary from month to month. The report states that the MIF has been designed with monthly paid employed individuals in mind rather than the self-employed who may have more volatile earnings.

It also considers the current system which allows self-employed individuals to be exempt from meeting the MIF for the first 12 months of self-employment and whether this is sufficient. The report urges the Government to extend the exemption period.

Internet link: [Universal Credit Self Employed report](#)

## State Aid approval granted for the Enterprise Management Incentive

It has previously been reported that the Enterprise Management Incentive State Aid approval lapsed on 6 April 2018. On 15 May EU approval was granted however HMRC have not confirmed expressly that this approval will be backdated to 6 April 2018.

The Enterprise Management Incentive (EMI) allows selected employees (often key to the employer) to be given the opportunity to acquire a significant number of shares in their employer through the issue of options. An EMI can offer significant tax advantages as the scheme allows options to be granted to employees which may allow the shares to be received without any tax bill arising until the shares are sold.

HMRC had previously warned that EMI share options granted in the period from 7 April 2018 until EU State Aid approval is received may not be eligible for the tax advantages afforded to option holders.

We await official confirmation on the position from HMRC.

Please contact us for specific advice on this issue.

Internet link: [Europa press release](#)

## Wales to set devolved income tax rates

From April 2019, the National Assembly for Wales will be able to vary the rates of income tax payable by Welsh taxpayers.

Responsibility for many aspects of income tax will remain with the UK government, and the tax will continue to be collected by HMRC for Welsh taxpayers.

### **The process for setting Welsh rates of income tax**

From April 2019, the UK government will reduce each of the three income tax rates: basic, higher and additional rate, paid by Welsh taxpayers by 10 pence.

The National Assembly for Wales will then decide the three Welsh rates of income tax, which will be added to the reduced UK rates. The combination of reduced UK rates plus the Welsh rates will determine the overall rate of income tax paid by Welsh taxpayers.

If the National Assembly for Wales approves each of the Welsh rates of income tax at 10p, this will mean the rates of income tax paid by Welsh taxpayers will continue to be the same as that paid by English and Northern Irish taxpayers. However the National Assembly for Wales may decide to set different rates '*to reflect Wales' unique social and economic circumstances*'.

Internet link: [GOV.Wales](#)

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