



Compass Accountants

Newsletter December 2014 - January 2015

Helping you to shape your future, not just accounting for your past...

TaxAngles - For proactive tax planning

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Paying tax arrears by instalments

At present, if you file your Self Assessment tax return before a certain date, you can elect to have any arrears paid off by making an adjustment to your tax code in the following tax year.

In order to qualify for this option you must have your return filed by 30 December.

For example, if you file your 2013-14 return before 30 December 2014, you can request to have an underpayment recovered by HMRC in

the tax year 2015-16. To achieve this, HMRC will adjust your code number so that you pay additional tax each month that adds up to the amount owed by the end of the 2015-16 tax year.

There are a few conditions:

1. For 2013-14 the maximum that can be paid off in this way is £3,000.
2. HMRC can only adjust a code number if you have a source of income (salary or pension) that is subject to PAYE.

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Don't file a paper tax return

The online filing deadline for 2013-14 Self Assessment tax returns is 31 January 2015. However, if you are still filing a paper version of the return, the 2013-14 deadline was 31 October 2014.

As the 31 October paper-filing deadline has passed, even if you have no tax to pay (or you eventually pay your tax on time) and if you file a paper return for 2013-14 between now and the 31 January 2015, it will still land you with a £100 penalty.

The only way to avoid a penalty is by submitting your tax return online by 31 January 2015. To send an online tax return yourself, you must be registered for HMRC's Online Services. This involves HMRC sending you an Activation Code in the post, so allow time for this to arrive. If you haven't registered for online filing, you can do so by visiting the GOV.UK website and following the instructions.

If you would like professional help in filing your return please contact us – we are already registered with HMRC.

Quote of the month..”

“The only limit to our realization of tomorrow will be our doubts of today. Let us move forward with strong and active faith”

– Franklin D. Roosevelt - President of the USA.

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3. HMRC will not adjust your code if you do not receive sufficient income from the source against which the underpayment is to be coded, or-

4. If your PAYE deductions would be doubled - twice as much Income Tax would be deducted, or-

5. The 50 per cent K code limit would be exceeded.

Another reason to ensure your return is filed now.

Overtime and holiday pay

In the past companies have tended to base holiday pay payments on a worker's basic pay, excluding overtime. In a recent landmark case an Employment Tribunal has ruled that past, non-guaranteed overtime should be included in the calculation of holiday pay.

Here's what ACAS have to say:



“Non-guaranteed overtime is where there is no obligation by the employer to offer overtime, but if they do then the worker is obliged by the contract to work overtime.”

On 4th November 2014 the Employment Appeal Tribunal handed down judgment in the case of Bear Scotland v Fulton which covers the ways in which holiday pay should be calculated when non-guaranteed overtime is worked.

The judgment has clarified that:

- Workers should have their normal non-guaranteed overtime taken into account when they are being paid annual leave.

Personal Tax Summaries

HMRC have started to distribute personal tax summaries that set out how much tax you have paid and how the revenue collected is spent by the government. According to a recent press release:

1. Personal tax summaries show you how your tax is calculated and what it is spent on

Personal tax summaries show you how much Income Tax and National Insurance Contributions (NICs) you paid over the financial year 2013-2014, and how this is calculated. The back of the summaries show you how your tax contributed to public spending, for example, how much of the tax you paid went on health, defence, overseas aid and more.

2. Overall, 24 million people will receive a personal tax summary

This is the first year that the government is sending out personal tax summaries, and from now on, they will be sent out once each year.

3. You don't have to do anything with them

The personal tax summary is for reference only – you don't have to do anything with it. Apparently, the government is sending them out to improve the transparency of the personal tax system, so that you know how much tax you pay, how it is calculated, and how the government spends it.

4. It's all part of a wider aim of the government to make the tax system fair and simpler

In future, HMRC will provide everyone with a digital account which will include their tax summary.

5. Not everybody will get theirs on the same day

Personal tax summaries will be sent in batches over several weeks. The first tax summaries were delivered on 3 November, and most will have been sent by mid-December.

If you prepare a tax return, then your summary will not yet be available unless your 2013-14 return has been filed.

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- Anybody making a claim must have had an underpayment for holiday pay that has taken place within three months of lodging an employment tribunal claim.
- If a claim involves a series of underpayments, any claims for the earlier underpayments will fail if there has been a break of more than three months between those underpayments.
- Only the 4 weeks' annual leave entitlement under the original Working Time Directive apply to this judgment, rather than the full 5.6 weeks' leave provided by the Regulations as they operate in Great Britain.

This judgment may have an impact in situations where non-guaranteed overtime is carried out by workers on a regular or consistent basis. It is unlikely to have an impact in situations where non-guaranteed overtime is either already factored into holiday pay, or possibly where non-guaranteed overtime is only used on one-off occasions.

HMRC launch new voluntary disclosures campaign for solicitors

To add to HMRC's growing sector based disclosure campaigns, HMRC have now launched one for solicitors. The aim of the campaign is to enable any solicitor who may have unpaid tax liabilities to come forward and make a full and complete voluntary disclosure to HMRC.

The campaign runs from 8 December 2014 to 9 June 2015, however individuals who wish to take advantage of this specific disclosure facility will have to notify HMRC of their intention by 9 March 2015 and submit the disclosure form with corresponding payment by 9 June 2015.

The disclosure campaign caters for circumstances involving unpaid tax liabilities due to innocent error, carelessness and deliberate understatement, but it should be noted that this facility does not provide an immunity from criminal prosecution for the tax offence and consequently it may be appropriate to submit any disclosure of a "deliberate" nature via the Liechtenstein Disclosure Facility (LDF) as upon satisfactory registration to the LDF, a guaranteed up front immunity from criminal prosecution for the tax offence is secured. Depending on the nature of the disclosure, it may also be possible to benefit from other terms of the LDF, including a reduced disclosure period and reduced penalties.

HMRC take a dim view of professional advisors including solicitors who commit tax fraud. As such, for individuals who do not come



forward under this campaign, HMRC will utilise information from their super computer "Connect" system which has gathered together third party information, to instigate hard hitting investigations either under a civil regime: Contractual Disclosure Facility / Code of Practice 9 or in the most serious of cases they will launch a Criminal Investigation.

It is therefore vital that any solicitor who believes they have not paid the correct amount of tax in the past consults with a professional tax advisor to ascertain the most appropriate disclosure strategy based on the specific facts of the case.

Tax Diary December 2014 / January 2015



1 December 2014 - Due date for Corporation Tax due for the year ended 28 February 2014.

19 December 2014 - PAYE and NIC deductions due for month ended 5 December 2014. (If you pay your tax electronically the due date is 22 December 2014.)

19 December 2014 - Filing deadline for the CIS300 monthly return for the month ended 5 December 2014.

19 December 2014 - CIS tax deducted for the month ended 5 December 2014 is payable by today.

30 December 2014 - Deadline for filing 2013-14 Self Assessment online to include a claim for under payments (under £3,000) be collected via tax code in 2015-16.



1 January 2015 - Due date for Corporation Tax due for the year ended 31 March 2014.

19 January 2015 - PAYE and NIC deductions due for month ended 5 January 2015. (If you pay your tax electronically the due date is 22 January 2015.)

19 January 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 January 2015.

19 January 2015 - CIS tax deducted for the month ended 5 January 2015 is

Contact us

For further information on any of the stories in this month's newsletter, or for any other matter that Compass Accountants can assist you with, please contact Jeff Walton on 01329 844145.

*We would like to wish
all of our clients and
associates a very Merry
Christmas and a Happy
New Year!*



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