

## August 2017

### Dear Client,

In this month's eNews we update you on the latest developments in Making Tax Digital together with an update on the Taylor Review and the latest employment and pensions auto enrolment statistics. We also report on the new Fundraising Preference Service and how to spot scam HMRC emails.

### Best wishes

Alan McCappin – Practice Manager

### NEW TIMETABLE FOR MAKING TAX DIGITAL

The government has announced a revised timetable for the introduction of Making Tax Digital for Business (MTDfB).

MTDfB introduces extensive changes to how taxpayers record and report income to HMRC. Unincorporated businesses, including landlords, were expected to be the first to see significant changes in the recording and submission of business transactions but the government has announced a delay to the implementation of the new rules and some exceptions for smaller businesses.

The government had decided how the general principles of MTDfB will operate after receiving responses to their original ideas first published in August 2016. Some legislation was published in Finance Bill 2017 but this was removed due to the General Election.

Under MTDfB, businesses will be required to:

- maintain their records digitally, through software or apps
- report summary information to HMRC quarterly through their 'digital tax accounts' (DTAs)
- submit an 'End of Year' statement through their DTAs.

The new timetable is being introduced following concerns raised by the Treasury Select Committee, businesses and professional bodies about the implementation of the new rules and to hopefully ensure a smooth transition to a digital tax system.

Mel Stride, Financial Secretary to the Treasury and Paymaster General said:

*'Businesses agree that digitising the tax system is the right direction of travel. However, many have been worried about the scope and pace of reforms.'*

*'We have listened very carefully to their concerns and are making changes so that we can bring the tax system into the digital age in a way that is right for all businesses.'*

The government has confirmed that under the new timetable:

- only businesses with a turnover above the VAT threshold (currently £85,000) will have to keep digital records and only for VAT purposes
- they will only need to do so from 2019
- businesses will not be asked to keep digital records, or to update HMRC quarterly, for other taxes until at least 2020.

This means that businesses and landlords with a turnover below the VAT threshold will not have to move to the new digital system.

Ministers have also confirmed that the Finance Bill will be introduced as soon as possible after the summer recess and that all policies originally announced to start from April 2017 will be effective from that date.

The government has also confirmed that the proposed changes to VAT reporting will come into effect from April 2019. From that date, businesses trading above the VAT threshold will have to provide their VAT information to HMRC through Making Tax Digital software.

**Internet link:** GOV news

### TAYLOR REVIEW OF EMPLOYMENT PRACTICES

The long awaited Taylor Review of employment practices suggests that a national strategy is needed to help provide security in such areas as wages, quality of employment, education and training, working conditions, work life balance and the ability to progress at work.

One of the areas of focus relates to the 'gig' economy, with the report recommending the creation of a new category of worker, known as a 'dependent contractor', to provide additional rights and benefits for those who are currently classed as self-employed, but who work for businesses which have a 'controlling and supervisory' relationship with their workers.

The additional benefits would include sick pay, holiday entitlement and the minimum wage, and the new employment status would also oblige these businesses to pay national insurance contributions for these workers.

Business groups have given mixed reactions to the report's findings, with many welcoming the focus on labour market flexibility, but also warning that some areas, including the plans to rewrite employment status tests, are a cause for concern.

However, the TUC warned that the review 'is not the game-changer needed to end insecurity and exploitation at work'

**Internet link:** Taylor Review



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## AUTOMATIC ENROLMENT REACHES 8 MILLION

The Pensions Regulator (TPR) has confirmed that eight million employees have signed up for a workplace pension since the launch of automatic enrolment.

The introduction of automatic enrolment was expected to lead to around eight million workers saving more for their retirement and this milestone has already been reached with hundreds of thousands more employers still to enrol staff over the coming months.

Minister for Pensions and Financial Inclusion Guy Opperman said:

*'Reaching this eight million figure is a formidable achievement and represents a huge number of people on the path to a more financially secure retirement.'*

*'But we cannot be complacent and as contribution rates rise we know there is more to be done. That's why our automatic enrolment review, which will report back later this year, is so vital to the future of this life-changing policy.'*

TPR's report shows that at the end of June 2017, 8,165,000 workers were enrolled in workplace pensions. Darren Ryder, TPR's Director of Automatic Enrolment, said:

*'Tens of thousands more people every week are signing up to a new workplace pension through automatic enrolment. Employers are continuing to become compliant and to remain so, allowing their staff to get the pensions they are entitled to.'*

*'There are more than 500,000 more employers whose duties are still to begin over the coming months. I would urge each and every one of them to check today that they know what they need to do and when they need to do it so they can seek our help if they need it.'*

If you would like help or advice on complying with your Auto Enrolment duties please do get in touch.

**Internet links:** Press release Report

## LATEST LABOUR MARKET STATISTICS

The latest labour market statistics for the period March to May 2017 showed a 175,000 rise in employment and 64,000 fall in unemployment.

Estimates from the Labour Force Survey show that, between December 2016 to February 2017 and March to May 2017, the number of people in work increased, the number of unemployed people fell, and the number of people aged from 16 to 64 not working and not seeking or available to work (economically inactive) also fell.

Some of the findings were:

- There were 32.01 million people in work, 175,000 more than the previous quarter.
- The employment rate (the proportion of people aged from 16 to 64 who were in work) was 74.9%, the highest since comparable records began in 1971.

- Latest estimates show that average weekly earnings for employees in Great Britain in nominal terms (that is, not adjusted for price inflation) increased by 1.8% including bonuses, and by 2.0% excluding bonuses, compared with a year earlier.
- Latest estimates show that average weekly earnings for employees in real terms (adjusted for price inflation) fell by 0.7% including bonuses, and fell by 0.5% excluding bonuses, compared with a year earlier.

For more details visit the link below.

Anna Leach, CBI Head of Economic Intelligence, said:

*'These figures underline the strength of the UK's flexible labour market, which was recognised in ... Taylor Review. But declining real pay and productivity remain concerning, reinforcing the imperative that any changes following the review support the economy's ability to create great jobs.'*

*'Making real progress on productivity growth requires a modern industrial strategy, with real change on the ground on skills, infrastructure and innovation.'*

**Internet links:** ONS employment statistics CBI news

## HMRC GENUINE AND PHISHING/BOGUS EMAILS AND CALLS

HMRC have issued an update of their guidance on how to recognise genuine HMRC contact be it via email or text.

HMRC also provide advice on what to do if you have received a phishing/bogus email related to HMRC, or you are not sure if it is genuine, you can read about how to report internet scams and phishing to HMRC.

**Internet link:** HMRC guidance

## CHARITIES BOUND BY NEW FUNDRAISING PREFERENCE SERVICE

A new service is now available for individuals who want to limit the contact they receive from charities. The Fundraising Preference Service (FPS) should give individuals greater control over how and when charities can contact them. The FPS, which launched on 6 July, allows individuals to select charities that they no longer want to receive communications from.

Under the FPS, where an individual opts out from a specified charity, this will apply to all forms of communication with a named individual including email, text, phone and addressed mail.

Although the FPS is primarily an online service a phone service is available to support those who are vulnerable or without IT. The Fundraising Regulator will notify specified charities of suppression (those people opting out) and monitor compliance. Charities need to ensure they comply with these new rules.

**Internet link:** FPS

**Please contact a member of our Tax Team if you would like to discuss any of the issues raised in this newsletter.**