September 2017

Dear Client,

In this month's eNews we update you on the new General Data Protection Regulation and guidance from the Pensions Regulator on auto enrolment compliance changes. We also include updated fuel advisory rates, the latest guidance from HMRC on employer issues and the compensation service available for those affected by problems with the implementation of Tax-Free Childcare.

Best wishes
Alan McCappin – Practice Manager

GET READY FOR THE NEW DATA PROTECTION RULES

The government is to introduce new data protection rules under the General Data Protection Regulation (GDPR) which takes effect from 25 May 2018.

Under the GDPR businesses will have increased obligations to safeguard the personal information of individuals which is stored by the business. These rules apply to the information of customers, suppliers or employees. Generally for those who are currently caught by the Data Protection Act it is likely that you will have to comply with the GDPR.

GDPR will apply to data 'controllers' and 'processors.' Processing is about the more technical end of operations, like storing, retrieving and erasing data, whilst controlling data involves its manipulation in terms of interpretation, or decision making based on the data. The data processor processes personal data on behalf of a data controller. Obligations for processors are a new requirement under the GDPR.

The GDPR applies to personal data which is wider than under the Data Protection Act (DPA).

One key change to the current DPA rules is that those affected will have to show how they have complied with the rules. Proof of staff training and reviewing HR policies are examples of compliance.

Under GDPR, higher standards are set for consent. Consent means offering people genuine choice and control over how their data is used.

Overall, the aims of GDPR are to create a minimal data security risk environment, and to protect personal data to rigorous standards. For most organisations, this will entail time and energy getting up to speed with compliance procedures. Reviewing consent mechanisms already in place is likely to be a key priority. In practice, this means things like ensuring active opt-in, rather than offering pre-ticked opt-in boxes, which become invalid under the new rules.

Organisations will also have to think about existing DPA consents. The ICO's advice is that:

'You should review how you seek, record and manage consent and whether you need to make any changes. Refresh existing consents now if they don't meet the GDPR standard.'

Where the current consents do not meet the new GDPR then action will be needed.

The fines for non compliance are severe at up to 20 million euros or 4% of total worldwide annual turnover (if higher).

The Information Commissioner's Office (ICO) has published some very useful information and a 12 step planning guide to help organisations get ready ahead of the May 2018 deadline.

Internet links: ICO getting ready GDPR 12 steps.pdf

ADVISORY FUEL RATES FOR COMPANY CARS

New company car advisory fuel rates have been published which took effect from 1 September 2017. 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 September 2017 are:

Engine size	Petrol
1400cc or less	11p
1401cc - 2000cc	13p
Over 2000cc	21p
Engine size	**LPG**
1400cc or less	7p
1401cc - 2000cc	8p
Over 2000cc	13p
Engine size	**Diesel**
1600cc or less	9p
1601cc - 2000cc	11p
Over 2000cc	12p

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

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HMRC ONLINE FORUM AND WEBCHAT

HMRC have announced the introduction of a new online tax forum and webchat service for small businesses.

HMRC are advising that the new service called the Small Business Online Forum offers advice on tax matters as well as help with:

- starting a business
- support for growing a business – including taking on employees and expanding
- buying and selling abroad
- completing tax returns
- tax credits.

Please contact us for specific tailored advice on any of these matters.

Internet link: https://online.hmrc.gov.uk/webchatprod/community/forums/list.page

GUIDANCE FOR EMPLOYERS

HMRC have issued their latest guidance to employers in the August edition of the Employer Bulletin. This publication, which is issued every two months, includes articles on:

- Reporting Pay As You Earn in real time
- Optional Remuneration Arrangements
- Tax codes – Get it right first time
- PAYE penalties – continuation of the risk-based approach to charging penalties
- PAYE Settlement Agreements
- Expenses Exemption
- Apprenticeship Levy
- Paying HMRC
- Construction Industry Scheme
- Changes to Business Tax Account
- Contacting HMRC
- Keep up to date with changes
- Automatic enrolment and ongoing duties – what employers need to know
- GCSE exam results are coming out this month, what is changing?

For help with your payroll contact us.

Internet link: Employer Bulletin

PENSIONS AUTO ENROLMENT COMPLIANCE

The Pensions Regulator (TPR) has begun carrying out employer spot checks to make sure employers are complying with their automatic enrolment duties and that they are giving their staff the workplace pensions they're entitled to. According to the TPR these inspections help them to understand any challenges employers are facing, and whether TPR need to make any changes to their guidance. This also enables them to identify employers who fail to meet their duties, and take enforcement action where necessary.

TPR have confirmed that they will continue with their checks over the coming months generally sending a statutory notice to the employers they have selected ahead of their visits.

Get the process right

TPR are concerned that some employers are not following the correct procedures and during the course of their inspections have seen a number of instances of employers agreeing to opt staff out of a workplace pension before they have been enrolled. This is not in accordance with the auto enrolment rules. According to TPR:

'Some employers claimed they were unaware as to the formality of their duties or process they needed to follow, and had simply been trying to do their staff a favour by offering them the option of opting out up front. But whether their motivation was genuine, or whether they were simply trying to get out of paying their staff the pension contributions they were due, the result was the same – they were in breach of their legal duties. Eligible staff need to be enrolled first, and can then opt out. One of the cornerstones of automatic enrolment is capitalising on inertia, and it has proved very successful so far in helping people who might never have saved for retirement before.'

Please contact us for advice on auto enrolment.

Internet link: TPR Quarterly bulletin

AUTO ENROLMENT FOR NEW EMPLOYERS

Under pensions auto enrolment employers have to enrol qualifying employees into a workplace pension. Duties include paying contributions for the employee. The process of auto enrolment has been phased in from October 2012 when the largest employers had to comply with the rules. However the rules are set to change and new employers will have to comply with their automatic enrolment legal duties, as soon as they employ their first member of staff.

TPR guidance to advisers states:

'If your client becomes an employer for the first time on or after 1 October 2017, they will immediately have legal duties for their new member of staff. These duties apply from the first day the first member of staff started working for your client. This is known as their duties start date.

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

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Your client must comply with their duties straight away.'

In contrast to the above rule an employer who first pays an employee from 2 April 2017 onwards will have a staging date of January or February 2018 depending on when the first employee was paid.

Employers are generally able to postpone some of their auto enrolment duties for up to three months but this needs to be dealt with correctly.

Please contact us for help with auto enrolment.

Internet links: TPR guidance new employer from 1 October TPR new employer to 30 September

CHILDCARE SERVICES COMPENSATION

The government are offering compensation to those who have been affected by problems with the implementation of Tax-Free Childcare.

Individuals who have been affected may be able to get a government top-up as a one-off payment for Tax-Free Childcare. The government will also consider refunding any reasonable costs directly caused by the service not working as it should, mistakes or unreasonable delays.

The government are advising that individuals may be eligible for these payments if they have:

- been unable to complete their application for Tax-Free Childcare
- been unable to access their childcare account
- not received a decision about whether they are eligible, without explanation, for more than 20 days.

Tax-Free Childcare is the new government scheme to help working parents with the cost of childcare. The scheme launched at the end of April and is being rolled out to parents, starting with those parents with the youngest children first.

For every £8 a parent pays in, the government will pay in an extra £2. Parents can receive up to £2,000 per child, per year, towards their childcare costs making a total amount of £10,000. Higher limits of £4,000 and £20,000 apply for disabled children.

To qualify for Tax-Free Childcare parents and partners in the household must generally meet a minimum income level of on average £120 a week and each earn less than £100,000 a year.

The scheme will be available for children up to the age of 12, or 17 for children with disabilities. All eligible parents will be able to join the scheme by the end of 2017. Those eligible will be able to apply for all their children at the same time although the government rollout will start with the youngest children first. Parents will need to open an online account, which they can use to pay for childcare from a registered provider.

For those employers who currently offer Employer Supported Childcare, usually in the form of childcare vouchers, these schemes can remain open to new entrants until April 2018. Existing members have the option to remain in their existing scheme or change over to Tax-Free childcare as their child becomes eligible. It is not possible to benefit from tax-free childcare and employer supported childcare at the same time.

A calculator for parents comparing the options and guidance on the other government provided childcare are available on GOV.UK.

Internet links: GOV.UK Childcare Service compensation Childcare calculator Childcare choices

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