

Government to press ahead with new company accounts filing system

The Treasury has decided to keep to its timetable for the introduction of a new system for the filing of company accounts. This is despite the fact that a number of tax bodies have written to the Government urging a delay.

The new system, which uses the iXBRL computer language, is due to come into effect as from 1 April 2011. Under the changes, all company tax returns sent in from April 2011 must be filed online for accounting periods ending after 31 March 2010 and in the Inline XBRL or iXBRL format. Corporation tax payments must likewise be made electronically from April 2011.

A number of leading accountancy and professional tax bodies recently wrote to David Gauke, the Exchequer Secretary, putting the case for a postponement in the implementation of the new system. In his reply, the Minister reiterated plans to continue with both the introduction and the timetable.

He did, however, promise that HM Revenue and Customs (HMRC) will take an understanding approach during the initial stages of the new system. Companies that make reasonable errors in their corporation tax submissions will not face any penalties.

Anthony Thomas, deputy president of the Chartered Institute of Taxation (CIOT), commented: "This decision will come as a blow to some businesses who are struggling with implementation due to the insufficiency of time between software arriving and the legislation commencing on 1 April 2011.

"However, I welcome the minister's recognition that there will be a soft landing for the changes, with HMRC 'sympathetic to any difficulties caused by lack of familiarity with new software or delays in receiving software.' This is a positive step."

HMRC has said that they will be particularly sympathetic in the first two years: "For returns submitted and accepted, we will not penalise missing or incorrect tagging. There is no legal provision for such a penalty unless the errors have led to a loss of tax."

Please don't forget that we are here to help make sure your company is able to comply with the new rules.

Directors spending even more time dealing with red tape

Getting it right when it comes to complying with the plethora of business regulations seems to be hitting directors and owners harder by the year.

According to the Institute of Directors (IoD), on average, the amount of time directors invest doing paperwork related to regulatory compliance has gone up from 13 hours a month in 2009 to 17 hours a month in 2010.

The IoD estimated that, when annualised across the number of private enterprises in the UK, the cost of such duties was £36.8 billion in 2010, up from £28.2 billion in the previous year.

The business group is urging the Government to speed up its commitment to reduce business regulation, especially in the area of employment law.

Miles Templeman, the director-general of the IoD, said: "Instead of building up their businesses and creating new jobs, the UK's entrepreneurs are spending over a month each year handling Government red tape. Significant deregulation of employment law must be on the agenda."

One way of reducing the level of admin your business may be facing is to outsource some of the work connected with PAYE. We have the expertise to help ease the burden in this area.

Fuel duty stabiliser can work, says business group

Rising fuel costs have long been a real concern for both firms and families. The recent hike in VAT and the threat of a further increase in fuel duty have only added to the worries.

One possible solution is the introduction of a fuel duty stabiliser, but some critics have doubted whether such a system would be workable. However, the Federation of Small Businesses (FSB) has argued that a stabiliser, far from being complicated and unwieldy, would be simple and affordable.

Basing the stabiliser on the oil price cycle would enable the level of fuel duty to be calculated against a trend price for oil. This would then be adjusted at regularly timed intervals following changes in the oil price cycle, the FSB report claimed. Fuel duty would, therefore, be x pence per litre minus a proportion of the difference between the current oil and trend oil price.

FSB research has shown that the rise in fuel duty and uncertainty over fuel prices will have a significant impact on small businesses.

John Walker, the FSB's national chairman, commented: "Critics have said that the fuel duty stabiliser is too difficult to introduce. The FSB does not agree. A fuel duty stabiliser would give the UK's five million small businesses the certainty and stability they need to factor in fuel costs to their business plans."

If you feel your business would like expert advice on managing its finances, don't hesitate to give us a call.

Higher rate taxes to scoop up more people

As many as 750,000 income taxpayers could find themselves in a higher tax bracket this April, a new study has claimed. According to the Institute for Fiscal Studies (IFS), three-quarters of a million will see some of their earnings lifted into the 40p in the pound tax band come 6 April.

The threshold at which people start to pay the 40 per cent tax rate is to drop from £43,875 to £42,475 from that date. As a result, once the rise in the personal allowance is taken into account, the higher 40 per cent rate will apply to incomes above £35,001.

IFS calculations pointed out that the best-off 10 per cent of households will, on average, shed 3 per cent of their net income as from April compared with an average of 1 per cent for the rest of the country.

James Browne, a senior research economist at the IFS who authored the report, warned that the number of higher-rate taxpayers could go on rising when the tax-free personal allowance is raised towards the £10,000 mark.

He said: "The way that the government has increased the personal allowance to ensure that higher rate taxpayers don't gain will increase the number of higher rate taxpayers by 750,000. We calculate that a further 850,000 would be brought into this higher rate bracket by 2014-15 if the government reaches its ambition of a £10,000 allowance in the same way."

With several changes planned for the tax system, now may be a good time to look at your own personal tax planning. We are here to make sure that you pay no more tax than you should be paying.

Is HMRC clamping down on Time to Pay requests?

HMRC refused a growing number of requests to defer business tax payments under the Time to Pay scheme last year.

Figures have revealed that HMRC turned down 5.8 per cent of all applications from firms, struggling with cash flow problems, to reschedule their VAT, PAYE and corporation tax payments. In 2009, the refusal rate was 2.7 per cent.

Time to Pay agreements allow businesses that are finding it difficult to manage their tax liabilities, as a result of the economic downturn, to arrange a new tax payment timetable with HMRC.

There have been concerns that HMRC is winding down the scheme. But a spokesman for the tax authority said: "Time to Pay continues to be available to help companies address short term cash flow difficulties that result in an inability to pay their tax in full and on time. HMRC's criteria for agreeing arrangements have not changed in any way."

If your firm is encountering cash flow problems, we are only a phone call away.

Changes to the unfair dismissal tribunal system

Many firms feel that the employment law regime is weighted against them. So a new government announcement on the way that claims for unfair dismissal are made may come as welcome news.

The Government has said that it wants to see the qualifying time for bringing a claim for unfair dismissal raised from one to two years of employment. Any employee making a claim may also be obliged to lodge a fee before the case can proceed.

A government spokesman explained: "We've heard loud and clear the concerns from businesses up and down the country that the system has become too costly, takes too much time, and that it is too easy to make vexatious claims."

It is hoped that, by doubling the qualifying period for unfair dismissal claims, the number of cases going to tribunal will be reduced.

Other proposals include first-stage compulsory mediation stage for workplace disputes through the Advisory, Conciliation and Arbitration Service (Acas).

However, the plans only extend to claims for unfair dismissal and not to other issues, such as discrimination, for which employers can be taken to an employment tribunal.