CHANGES TO EMPLOYMENT CONTRACT LEGISLATION

Currently, when a new employee/worker starts work, an employer has an eight week period in which to provide a written contract, containing the details of working hours, benefits, salary and entitlements etc. As of April 6th 2020 however, the regulations surrounding this are changing. At the moment employees are entitled to a certain amount of information before starting a job, and employers have the eight weeks after their start date to provide the contract. But, as of April next year, employees will be entitled to a written contract before day one of employment, which must include all of the minimum information currently set, plus a host of new information including:

- The days of the week the worker is required to work and whether their hours will be variable and how this variation will be determined;
- All paid leave to which the worker would be entitled (including paternal paid leave; Paternity leave etc)
- Information regarding remuneration and benefit entitlements
- Any period of probation
- Any training entitlement provided by the employer, including whether any training is mandatory and/or must be paid for by the worker.

PAYROLLING BENEFITS

We remind employers that even if you are payrolling all benefits in kind so no longer have to complete individual P11Ds, there is still the need to complete a P11D(b) Return to accompany the payment of Class 1A NI on the benefits in kind that have been taxed through the payroll. The payment is due by 22nd July 2020. The Class 1A payment must have the special payment reference of 2013 attached to distinguish it from the normal payment of Tax and NI for 2019/2020 tax year. There should be no gap between the Accounts Office Reference and the 2013 year and month identifier.

If you are not sure if you are payrolling benefits, or if you want to payroll benefits from 6th April 2020, then do get in touch with us.

Oakwood Reminder

September 2019

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Business is great but we are always looking for more.

Please pass on this newsletter to any one you feel may benefit.

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EDITORIAL

Here we are going into September and I don't know about you, but the weather has been so variable, it has been hard to know what to wear, what to do and how to keep cool/warm/dry!

I hope you have had the opportunity to refresh yourself over the summer holidays and taken time out from your work/business/retirement to rebalance the work /life question.

Everything seems to be uncertain, Brexit looms over all of us and what changes there may be and how they might affect us in business and personally.

Life goes on and changes to legislation with it, most of all there seems to be changes to Information Technology, preventative measures for Cyber Attacks and higher levels of security for your passwords, access to bank accounts etc., and these are covered in this edition of the Reminder.

This edition is quite full and reflects the changes we are expecting-Employment contract legislation, VAT reverse charge for those in the Construction Industry, as well as encouraging you to consider benefits you can sign up for, research for your state pension, tax efficient ways of charitable giving and plans for your retirement 'pot'.

Finally, please do read the article about our fee protection insurance policy. I do recommend it, as they say only two things in life are sure- death and taxes! We shouldn't need to pay any more tax than we legitimately owe but HMRC can investigate your tax return/accounts for no reason and the worry and stress of dealing with HMRC enquiries can be mitigated if you know our fees would be covered.

Jane Briggs
FCPA

VAT REVERSE CHARGE OPERATIVE FROM 1 OCTOBER 2019

If you are a supplier of Building and Construction Services and VAT registered and your customer, also in the construction industry and also VAT registered, you need to know how to operate a reverse charge system. This applies to groundworks and other preparatory work, alteration and repair of buildings and internal/extra painting and decorating services.

If you are a customer as above, you also need to know how this new system works.

Basically if you are the supplier, you don't charge or collect the usual VAT on those services from your customer. If you are the customer, then you need to account for the VAT and make the payment to HMRC instead of the supplier.

If you think you may be affected, please call us and we will do our best to help you with what needs to be done.

ONLINE FRAUD

A new European payment legislation is coming into effect later this year, which is designed to make online payments more secure and make it more difficult for fraudsters to access your details.

To help protect your business against increasingly sophisticated online fraud, many banks are now introducing extra security checks for online payments. This is called Strong Customer Authentication (SCA). When banking online, you could be asked for a one-time passcode (OTP), which is sent as a text to your mobile phone number or emailed to you. You will need to enter this 6-digit code to complete the online payment.

ONE OR TWO OBSERVATIONS ON TAX-EFFICIENT CHARITIABLE GIVING

Tax relief on personal giving via Gift Aid is given partly by deducting basic rate tax from the payment and partly by giving relief under self-assessment. That makes it hard to work out the true cost of personal giving.

Assume that you want to give £100 out of your post-tax income to charity: in other words, to give £100 that you would otherwise have been able to spend on wine, women, song etc.

If you're a basic rate taxpayer, it's straightforward. You give the charity £100. If the donation is made under Gift Aid, the charity will get an extra £25 at no cost to you.

If you're a higher-rate taxpayer, it's a bit more complicated. Giving the charity £100 under Gift Aid will deplete your post-tax income by just £75. If, like your basic-rate friend, you're prepared to sacrifice £100 of post-tax income, make your donation £133. And if you are an additional-rate taxpayer, liable at 45%, you can donate a bit over £145. In each case, by increasing the donation, you are keeping your post-tax cost constant and effectively giving the charity the full benefit of all the tax relief you get on the donation.

Alternatively, if you operate your business through a company, there's a simpler solution: have your company make the donation.

- No need to bother with a Gift Aid declaration;
- No deduction of tax at source;
- Avoid the additional tax or National Insurance Contribution cost of extracting money from the company to make the donation personally;
- No need, when preparing your personal tax return, to scrabble around to find what Gift Aid donations you've made in the year.

Just make the payment, record it and vouch it in the company's books and take a deduction for it against the company's taxable profits.

For more information, please get in touch with us.

FEE PROTECTION INSURANCE - SHOULD I HAVE IT?

As you many of you know, we offer Fee Protection Insurance and that renewal is coming on the 1st November 2019. We have been reviewing what is covered and we would thoroughly recommend you consider this seriously in addition to any other cover you might have because of the following information:

It covers, not only a full enquiry into your Tax Records, Tax Returns, Accounts etc, but it also covers disputes if there is a challenge by HMRC to the accuracy of VAT Returns, or PAYE / NIC and CIS together with employment status disputes.

In addition to this, those of you who are "one man limited companies" maybe IT consultants or those working through a limited company for perhaps one or (I hope), more than one client during a year, this Fee Protection Insurance also coves IR35 status checks (subject to an indemnity of £2,000) IR35 dispute where HMRC states the client should be subject to IR35 and interventions cover, which is informal enquires where HMRC issue a routine letter or telephone call with a view to obtaining clarification of a particular point on a self-assessment tax return without the issue of statutory notice.

We would thoroughly recommend this cover because there is also access to an unlimited 24-hour legal help line service which is included at no extra cost.

You will be receiving paperwork and information on this Fee Protection Insurance in the next month or so if you have any queries please contact us. PFP are the suppliers of this Fee Protection Insurance and have been our supplier for the last 10 years. I am glad to say we have only used them once or twice in those 10 years and they have been exceptional in their responses and cover.

CHECKING TO ENSURE YOUR STATE PENSIONS

Looking forward to retirement and wondering what your State Pension might be?

From April 2016 you need between 10 and 35 qualifying years to get any State Pension. A qualifying year is deemed as having earnings of at least the annual value of the lower earnings limit (LEL) for the year in question (£6,136 for 2019/2020).

To check this you need to go into your Personal Tax Account (PTA). If you haven't got a Personal Tax Account set up, then go to www.gov.uk and in the search engine put in PTA, this will bring you to a page that says Personal Tax Account: sign in or set up, if you click on that and press 'start now' you will need some information with you, and if you haven't already got a Government Gateway ID, then you need to sign in with 'gov.uk verify' or you can press the 'create an account' and follow the instructions.

Once you have got your PTA, you can find out what your NI record says about you and if there are any gaps or any errors in your records. HMRC reconciles our tax records every year, but it doesn't do any work on NI records, so it is up to you to make sure they are correct. It may be that the record is correct but you are not going to get 35 years in your account by the time you reach State Pension age if you had times when you weren't working, were abroad or just weren't earning at least the LEL.

There is something you can do about this, you can pay Class 3 voluntary NI to bridge the gap and this is much cheaper than Class 1 NI paid on earnings. However, it is worth talking to the Future Pension Centre first as you may be able to get more years without paying a penny. Some people are entitled to NI credits, they include those who are unemployed but looking for work, receiving any statutory payment such as SSP or SMP, claiming Universal Credit, some men born before 6^{th} October 1953, those people on a year-long Government Approved Training Course, those on Jury Service and those who are the partner of a member of the Armed Forces. You should also get credit for the caring years if you were at home with children or caring for an adult.

If you experience any difficulties in any of these checking or setting up procedures, please do contact the office as we are more than happy to assist you in this regard.

- Must earn at least national minimum wage for 16 hours a week (over the next three months). For self-employed who are not expecting to make enough profit (assumed to be national minimum wage multiplied by 16 hours per week) in the next three months, they can use an average of how much they expect to make over the current tax year. A self-employed individual will be exempt from meeting the minimum earnings level in their first 12 months of their self-employment. Not be in receipt of any tax credits, universal credits or employer supported childcare.
- Have total household taxable income of less than £100,000 (the adjusted net income after tax reliefs including losses, pension contributions and Gift Aid but before any personal allowances).
  - If a couple are separated and have joint responsibilities for the child, they should decide which of them apply for the childcare account.
  - Children will be covered by the scheme up until the last day of the week in which the 1st September following their 11th birthday falls. If they are disabled, this is extended to the last day of the week in which the 1st September following their 16th birthday falls. Adopted children are eligible, but not foster children.

Tax free childcare is not a benefit but if an employer pays directly into a taxfree childcare account, the amount will be subject to income tax and Class 1 NIC via payroll.

OFF SHORE TAX REGISTERS

The latest announcement, squeezing in just ahead of going to press, is that Jersey, Guernsey and the Isle of Man have jointly announced that they will voluntarily adopt public registers of the true owners of offshore companies incorporated there. Whilst this will not come in until 2023, it is the first step in a long campaigned for move to fight tax evasion, money laundering and lack of transparency.

The Panama Papers and other scandals has brought the use of anonymous shell companies and 'dark money' havens under increased scrutiny, and cross-party political pressure has prompted the voluntary move before it was made compulsory. There is lots to be nailed down, but currently the proposals aim to grant accountants and banks visibility of the data ahead of the public or media.

TAX FREE CHILDCARE

Tax free childcare is a Government scheme that pays towards childcare costs for working parents/guardians. Employed and self-employed alike. The Government will pay £2 for every £8 paid into a childcare account for each child. There is a limit of £500 every three months, but it could work out at up to £2,000 per child per year. (The limit rises to £4,000 per child per year if the child is disabled).

The childcare account is operated via an online account which parents/ guardians sign up for through the Government Gateway. If the applicants already have a Government Gateway account, then they can sign up for the tax-free childcare account on the first page.

The funds in the account must be used on registered childcare including childminders, nurseries, breakfast and holiday clubs. The childcare provider must also be signed up to the scheme. But note, where the childcare is provided by a relative, the carer would need to be a registered child minder in order to receive the payments. Just being a relative would not count.

A plus side is that the monies paid into the account by the Government are tax free and not considered by any other benefits as income.

Eligibility
In order to be eligible for the scheme the individual parent, guardian or pair of parents have to meet the following criteria:

- Must be in work (including sick leave or annual leave). The reasoning behind this is that if one parent is not working, they can care for the child. However, where one parent is not working the scheme might still be available provided their partner is working and the individual is receiving Incapacity Benefit, Severe Disablement Allowance, Carer's Allowance or Employment and Support Allowance.

10 WAYS TO PREVENT CYBER –ATTACKS

A recent BIS survey found that 83 per cent of small businesses believe security is a high priority, but that many find it difficult to keep up with the constantly changing risks and to know what actions to take to mitigate those risks. Even if you don't currently have the resources to bring in an outside expert to test your computer systems and make security recommendations, there are
simple steps you can take to reduce your risk of falling victim to a costly cyber-attack.

1. Train employees in cyber-security principles.
2. Install, use and regularly update antivirus and antispyware software on every computer used in your business.
3. Use a firewall for your internet connection.
4. Download and install software updates for your operating systems and applications as they become available.
5. Make back-up copies of important business data and information.
6. Control physical access to your computers and network components.
7. Secure your Wi-Fi networks. If you have a Wi-Fi network for your workplace, make sure it is secure and hidden.
8. Require password-protected individual user accounts for each employee.
9. Limit employee access to data and information, and limit authority to install software.
10. Regularly change passwords.

JOKE TIME

A Pizza shop owner was being audited by the Inland Revenue. The owner asked "What is wrong? Why am I being audited?" The Inland Revenue auditor replied "You have two trips to Europe down as business expenses. What is your explanation?" The shop owner replied "We deliver!"

A MESSAGE FROM ST JAMES'S PLACE WEALTH MANAGEMENT

ARE YOU RUNNING THE RISK OF OUTLIVING YOUR SAVINGS?

In a world of low interest rates, ever-changing legislation and increasing life expectancy, useful guidance on retirement planning is a necessity.

A recent Work and Pensions Committee report identified that 32% of people who withdrew their retirement pots in full chose to save the largest share of it in standard savings products like cash bank accounts and Premium Bonds. These are likely to have lower rates of return than pension saving as well as potentially higher tax liabilities.

Indeed, concerns continue to grow for those who choose to draw on their pension savings without taking advice. Drawdown demands a different mindset to that needed by those who retire with an annuity, as it requires individuals to plan their own investment strategy and ensure that withdrawals are sustainable. And while the majority are taking a sensible approach, the minority are withdrawing pension funds at rates that would see this money run out in a decade or less. And if they're relying solely on the State Pension to see them through their later years, they will have to accept that their standard of living is going to drop significantly. The State Pension provides a limited income (currently £168.60 for a single person, per week, based on a full NI record in the 2018/2019 tax year), which falls drastically short of what is really needed to fund a comfortable lifestyle.

To avoid poverty in retirement, first decide how large a fund you will need. One method is to multiply your target retirement income by 25. For example, if you think you'll need £25,000 a year, aim for a fund of £625,000. Next, select the most appropriate investment vehicles to achieve your goal. Property, investment bonds and ISAs have all proved popular over recent years but don't offer the same degree of tax breaks as a pension.

To help avoid running out of money, selecting a balanced and well-diversified investment portfolio is critical but, knowing how much money to take from a drawdown policy is arguably of greater importance.

The value of an investment with St. James's Place will be directly linked to the performance of the funds selected and may fall as well as rise. You may get back less than the amount invested.

An investment in equities does not provide the security of capital associated with a deposit account with a bank or building society.

The levels and bases of taxation, and reliefs from taxation, can change at any time and are generally dependent on individual circumstances.

RETIREES WITH A DRAWDOWN PENSION SHOULD SEEK ADVICE WHEN CALCULATING WITHDRAWALS.

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