

## **AUGUST 2008 - ENEWS**

This month as we reflect on team Great Britain's Olympic medal successes we report on international matters and the new system of employer licensing being introduced for those wishing to bring migrant workers into the UK.

We also include our usual round up of news. Please browse through this month's articles using the links below and contact us if any issues or questions arise.

- **Gift Aid Transitional Relief**
- **Reducing employers' administration**
- **NMW changes**
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- **'Paper' tax return deadline looming**
- **Licence to bring in migrant workers**
- **VAT treatment of charity challenge events**
- **Careless drivers**

### **Gift Aid Transitional Relief**

Charities are entitled to claim a tax repayment in respect of gift aid donations made by individuals. The tax repayment was 22% until 5 April 2008 being the basic rate of tax on payments made through gift aid. As you are no doubt aware the basic rate of tax was reduced to 20% from the beginning of this tax year. In order to compensate charities for this drop in income the government has introduced Gift Aid Transitional Relief which tops up the tax repayment due to the charity until 5 April 2011.

Charities who have already submitted repayment claims for 2008/09 should now receive their transitional relief entitlement as the Finance Act 2008 has recently received Royal Assent. There is no requirement for charities to make a separate claim for the payment.

HMRC have confirmed that from now on Gift Aid Transitional Relief will be paid automatically in addition to the tax repayment claimed.

**Internet link:** [HMRC guidance](#)

### **Reducing employers' administration**

The Department for Business, Enterprise & Regulatory Reform (BERR), has launched a campaign advising employers on how they can reduce the amount of administration involved in dealing with their employment law obligations. The BERR believe that some employers are routinely over-complying or duplicating work.

Employment Relations Minister Pat McFadden said:

"Complying with legislation can be complex at times but employment law is often easier than business owners think. Instead of spending money on buying in professional advice on employment law, employers can get access to a range of easy-to-use, fully compliant documents that take only a few minutes to complete. In challenging economic times, it is all the more important that employers make full use of these free services.

For example, producing written statements of employment is a significant burden for employers in both time and money, and many businesses are paying external advisers to draw these up for them. In the last year, however, over 40,000 firms have benefited from switching to the written statement tool we have provided - each of them saving around £120 every time that they do so."

The link below will allow you to access tools which deal with such issues as Working Time Regulations, flexible working and statements of terms and conditions.

**Internet links:** [HMRC Employers Bulletin with links](#) and [Press release](#)

### **NMW changes**

HMRC have announced that some changes to penalties and calculation of arrears of National Minimum Wage (NMW) payments have been delayed to April 2009. The delay is apparently due to the slower than expected passage through parliament of the Employment Bill.

The changes deal with HMRC powers, in particular giving powers to remove records from business premises and more significantly a change to the way in which underpayments or arrears of NMW payments to employees are calculated.

From April 2009 NMW arrears will need to be calculated by reference to the current rate of NMW rather than the rate of NMW in force at the time of the underpayment.

**Internet link:** [Employers Bulletin](#)

### **Salary sacrifice arrangements**

Salary sacrifice is a complex area which should not be overlooked. HMRC have added some questions and answers on this difficult subject to their website.

If you are planning any salary sacrifice arrangements please do get in touch.

Internet link: [HMRC Q and A](#)

### **Penalties**

HMRC have published a leaflet on the new HMRC penalties warning tax payers to make sure that their records are sufficient to comply with the new penalty regime. The new legislation covers returns and other documents issued for periods commencing from 1 April 2008 which are due for submission from 1 April 2009.

If you have any concerns about the penalties or the records you should be maintaining please do get in touch.

Internet link: [Penalties leaflet](#)

### **Paper' tax return deadline looming**

HMRC are reminding taxpayers who wish to complete paper self assessment tax returns that the new 31 October 2008 deadline is 'only weeks away'.

Previously, both paper and online self assessment tax returns had to be filed by 31 January following the end of the tax year. The 31 January 2009 deadline remains for online submission of 2007/08 self assessment tax returns.

HMRC are reminding people who file paper returns to start thinking about the information they need now. This includes a completed P60, self-employment accounts, records of savings and investments, and details of any untaxed income.

If you have any queries regarding your personal tax affairs please do get in touch.

Internet link: [News release](#)

### **Licence to bring in migrant workers**

The UK Border Agency has started a television campaign aimed at employers to help prepare them for the introduction of the government's new rules for skilled migrant workers which become effective from November 2008.

The government is introducing a 'points' based system. Businesses wanting to employ skilled foreign workers from outside Europe and sponsor their entry to the UK must apply for a licence.

The TV advert, which shows a man jumping over hurdles before being considered for entry to the UK, is apparently designed to send a message that those who do not comply with the rules will be refused entry.

UK Border Agency Chief Executive Lin Homer said:

"The Points-Based System is one of the biggest shake-ups to the immigration system in a generation ensuring only those with the skills we need will be able to work or study here and no more.

Our message to businesses is loud and clear - if you want to employ foreign workers from outside the EEA, you need to apply now for a sponsor licence. Business benefits from migrant labour but must join us in helping crack down on illegal working and ensure a system which is both firm and fair."

More information about the criteria and how to register as a sponsor can be found on the UKBA website.

**Internet links:** [News article](#) and [UKBA website](#)

### **VAT treatment of charity challenge events**

HMRC have issued revised guidance on Charity Challenge Events, including those that qualify for the VAT Charity Fundraising Exemption.

Many charities use Charity Challenge Events, for example running, walking and cycling events, to raise funds through sponsorship of the individuals who take part.

Following representations from the charity sector HMRC have been working with them to produce revised guidance to assist charities to determine the correct VAT liability of such events.

**Internet link:** [VAT Business Brief 36/08](#)

### **Careless drivers**

Under the new careless driving laws, which came into effect from 18 August 2008, motorists who kill whilst avoidably distracted at the wheel will face prison.

The new offences will allow courts to imprison drivers for up to five years who cause deaths by not paying due care to the road, or to other road users.

The type of 'avoidable distractions' covered by the new law include:

- using a mobile phone (calling or texting)
- drinking and eating
- applying make-up
- anything else which takes their attention away from the road and which a court judges to have been an avoidable distraction.

Road Safety Minister Jim Fitzpatrick said:

"The Government is committed to continually improving safety on Britain's roads. Under the Road Safety Act we have already brought in tougher penalties for drivers who use hand-held mobile phones at the wheel and the introduction of these new offences today is the latest step to tackle bad driving and further improve safety on our roads.

Last year the number of people killed fell below 3,000 for the first time since records began in 1926 but eight people are still dying on the roads each day. Where carelessness - or an uninsured, disqualified or unlicensed driver - causes a death it is right that the driver should face tough penalties."

**Internet link:** [News release](#)