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REVISED SELF ASSESSMENT DEADLINE AND PENALTIES

HMRC announced that they will not impose late filing penalties on taxpayers who filed their Self Assessment returns on 1 and 2 February 2012. The announcement was made amongst fears that taxpayers did not get through to HMRC's call centres on 31 January 2012 due to strike action by some employees. If a late filing penalty is issued, this can be appealed with evidence of the submission date.

Acting Director General Personal Tax, Stephen Banyard, said:

'We've always been very clear that we want the returns – not the penalties. For that reason, we don't want anyone who can't get through for help and advice on 31 January to be disadvantaged in any way.'

ONLINE VAT RETURNS AND ELECTRONIC PAYMENTS

Since April 2010 most VAT registered businesses have been required to submit their VAT Returns online and pay any VAT due electronically. From 1 April 2012 **all** VAT registered businesses will be required to meet these requirements, apart from a very small number who will be exempt.

Exemptions from doing your VAT online

Businesses may not have to comply with the requirement if:

- they are subject to an insolvency procedure - but if the business is subject to an approved Voluntary Arrangement, administration or trust deed, an online submission may be made
- HMRC is satisfied that the business is run by practising members of a religious society, whose beliefs prevent them from using computers.

If you believe either of these exemptions apply then it is important to confirm the position with HMRC and not assume that the exemption applies.

Paying your VAT electronically

Businesses which submit their VAT Returns online, must also pay any VAT due electronically. This generally gives businesses up to seven extra calendar days to submit their return and pay their VAT. There are some exceptions to this rule, for example businesses which file annual returns and make payments on account.

If you have any queries on this or any other tax matter, please contact Mark Sheen on mracs@barlow-andrews.co.uk or Tim Lwin on tl@barlow-andrews.co.uk.

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PAYE TAX CODES

HMRC are issuing PAYE tax codes for 2012/13. These new coding notices, which are due to be issued between January and March 2012, will be used against employees pay from April 2012 onwards. It is important that these coding notices are checked carefully as an incorrect code will result in too little or too much tax being deducted from pay or pension payments.

If you are unsure that your coding notice is correct and would like some further guidance please do get in touch.

Good news for many

The majority of taxpayers will see an increase in their tax code as the personal allowance for those under 65 increases from £7,475 to £8,105.

Those individuals with simple tax affairs (just one employer with no reliefs or benefits or tax underpayments brought forward) will generally not receive a coding notice. Their current coding of 747L will be automatically uplifted to 810L following general instructions to employers.

Although the personal allowance is increasing, the point at which taxpayers start to pay the higher rate of 40% tax on their taxable income is decreasing (from £35,000 to £34,370). This means that basic or higher rate taxpayer will generally benefit from the same tax saving of £126.

The withdrawal of the personal allowance for those with income over £100,000 income limit applies for 2012/13. The reduction in the personal allowance is by £1 for every £2 of adjusted net income above the income limit. Adjusted net income for these purposes is broadly all income after adjustment for pension payments, charitable giving and relief for losses. Individuals with adjusted net income of at least £116,210 will not be entitled to a personal allowance for 2012/13

If you have any queries on this or any other tax matter, please contact Mark Sheen on mrcs@barlow-andrews.co.uk or Tim Lwin on tl@barlow-andrews.co.uk.