

# INSIDER MARCH 2019

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## HMRC error hits early-paying self-assessment taxpayers

**HMRC admitted an error which saw hundreds of early-paying taxpayers wrongly issued with late-payment notices before the deadline for self-assessment tax returns.**

The deadline for 2017/18 self-assessment submissions and any tax owed came and went at midnight on 31 January 2019, with £100 penalties in place for not filing on time.

However, 653 people who submitted tax returns in advance of the deadline received the same penalty charges due to an embarrassing mix-up at the Revenue.

Tax officials, who initially played down the error two weeks before the deadline, were forced to apologise and reimburse those affected.

HMRC said that hundreds of people, both trustees and agents who had made online returns for trusts they manage, wrongly received the late-filing fines.

A spokesperson for HMRC said:

"Some online trust returns, a small number of trustees or agents have been inadvertently issued with late-filing penalties. All late-filing penalties have been cancelled.

"We apologise for any issues this may have caused our customers and are writing to them directly to let them know."

This follows a recent technical glitch with HMRC's systems through which some people filing their 2017/18 return were sent inaccurate bills that failed to include their payment on account.

A similar error was made in the previous year, with taxpayers asked to pay too little ahead of the second payment on account deadline on 31 July 2018.

## Minimum contributions rise to 3% for employers in April

**Most employers in the UK will see minimum contributions towards their workers' occupational pension schemes rise from 2% to 3% next month.**

Businesses are legally obliged to automatically enrol all staff aged between 22 and state pension age, and earning more than £10,000 a year, into a workplace pension.

The first workers were automatically enrolled in October 2012, with staging dates bringing businesses and their employees into workplace pension schemes for the first time.

For the first four-and-a-half years, employers had to match employees' minimum contributions of 1% into their workplace pension schemes.

But those minimum contribution rates for employers increased to 2% from 6 April 2018, and will rise again to 3% from 6 April 2019 in what is the last planned stage of a phased rollout.

According to the latest research from the Pensions Regulator, almost 1.45 million employers are making minimum contributions towards their employees' workplace pensions.

In February 2019, the number of employees saving into workplace pensions passed 10 million for the first time.

Guy Opperman, minister for pensions and financial inclusion, said:

"We are creating a nation of responsible employers who are reassuring their workforce that with their support, they will have a secure retirement.

"We are committed to working closely with them to ensure even more people can benefit from a workplace pension in the future."

 *We can handle your tax affairs.*

 *Workplace pensions form part of our payroll service.*

## Making Tax Digital for VAT: one month to go

**The first batch of VAT-registered businesses have less than a month to go until they enter into the Government's Making Tax Digital (MTD) regime.**

All VAT-registered businesses turning over more than £85,000 will be mandated into MTD by 1 October 2019, with the majority of firms adopting the scheme by 1 June 2019.

Firms with a VAT return quarter ending on 30 June 2019 will be the first to begin operating under the regime on 1 April 2019.

A month later, VAT-registered business with a return quarter ending on 30 April 2019 will be the second batch of businesses to go through MTD.

Then on 1 June 2019, those with a VAT return quarter ending 31 May 2019 will adopt MTD.

A six-month deferral period for MTD applies to around 40,000 VAT-registered businesses with more complex accounts, such as not-for-profit organisations and local authorities among others.

While submitting VAT returns online every quarter and at year-end is nothing new, using HMRC-approved software is.

Around 150 software providers or products have been given the green light by the Revenue so far.

Software provider Advanced claimed more needs to be done to get the UK's 2.67 million VAT-registered businesses and their agents ready for MTD.

It polled more than 1,000 professionals involved with VAT-registered businesses and found that 57% were prepared, while 35% did not know whether or not they will be ready for MTD.

Jon Wrennall, chief technology officer at Advanced, said:

"The Government is right to implement initiatives that mean organisations need to become more digital, but our research suggests that not enough support is being given to help them prepare."

MTD is intended to modernise the tax system, and make it easier for businesses and eventually individuals to record and report their tax accurately.

## Government launches service to prepare firms for EU exit

**The Government has launched a new website service to help businesses prepare for the UK's exit from the EU later this month.**

'Prepare your business for leaving the EU' is an online tool that provides information on specific rules and regulations, and aims to inform business owners of what is changing in their sector.

The service asks business owners seven questions before providing what the Government describes as "guidance relevant to your business".

With an agreement yet to be reached on the UK's scheduled exit from the EU at 11pm on Friday 29 March 2019, the Treasury has stepped up its efforts to prepare exporters.

According to the most recent research from the Office for National Statistics, almost one in ten UK SMEs took up the opportunity to export, collectively shipping goods worth £637 billion in 2017.

The Treasury hosted a conference last month to assist owners of businesses that import and export goods with companies based in the EU.

The event outlined a range of scenarios and changes that businesses will need to respond to after 29 March, as they trade with EU companies in a post-Brexit era.

Mel Stride, financial secretary to the Treasury, said:

"HMRC is doing everything it can to make clear to businesses what is required of them ahead of when we leave.

"In recent months, HMRC has published technical notices, partner packs, letters and guidance setting out the implications for a no-deal scenario.

"There is a real need for businesses trading to be ready and able to comply with any new rules and be emboldened to continue trading confidently."

 *Get in touch to discuss your business.*

 *Talk to us about Making Tax Digital.*