

Government launches anti-red tape website

It is described as one of the banes of business life: regulation compliance. The form filling and admin tasks involved in meeting the rules that govern businesses, critics say, direct vital resources away from the main task of winning new customers and developing enterprises.

So, as part of its efforts to boost the private sector, the Government has asked the business community to identify which regulations it feels should be scrapped as part of a campaign to reduce red tape. To help businesses pick out those rules that impose the greatest administrative burden, the Government has set up what it has called its red tape challenge website.

The Government insists that the website will give businesses a chance to have their say on regulations that affect them. The ambition is to reduce the stock of some 21,000 statutory rules.

The first area to go under the microscope will be the retail sector. Then every few weeks a new set of regulations, organised around different business sectors, will open on the website for comment. Once the time for comments on the rules has closed, government departments will have three months to explain why a regulation is still required or it will be scrapped.

The first five sectors will be: retail; hospitality, food and drink; road transport; fisheries, marine enterprises and inland waterways; and manufacturing. The campaign will also address six broader areas that affect all businesses. These are open throughout the whole of the campaign and include: employment law, pensions, company law, equalities, health and safety and environmental legislation.

Vince Cable, the Business Secretary, said: "Some of these regulations are there for good reasons, protecting employees, businesses or the public. But some serve no purpose at all. That's why this campaign is different to the de-regulation drives that have gone before. The onus is now on my fellow Ministers and I to justify a regulation, rather than on you telling us to do something about it."

The website can be found at:
www.redtapechallenge.cabinetoffice.gov.uk/home/index/

Real time PAYE system on the horizon

HM Revenue and Customs (HMRC) has confirmed that it will be going ahead with a major reform of the PAYE system. The overhaul will involve a switch to a real time information system. The new system will mean that employers must supply HMRC with details, such as income tax, national insurance contributions and student loan payments, on each payroll day rather than at the end of the year.

HMRC said that the change would bring several benefits. It will be easier to ensure that employees pay the right tax after a change of job and, in time, it will remove the need for the P45/P46 process. And there will be a simplification of the PAYE end of year reconciliation process for employers.

HMRC is to embark on a pilot scheme in April 2012, involving volunteer employers and software developers. Once the pilot scheme has been successfully completed, the plan is that employers will be expected to start using the real time information system from April 2013. It is due to become mandatory by October 2013.

While our lead article heralds, on the one hand the Government's commitment to reduce compliance roadblocks, it seems that on the other hand they are being increased with filing requirements that only serve to make the administration of PAYE even more onerous.

Please don't forget that we are here to help your business handle the demands of managing your payroll. Outsourcing the work could play a major part in freeing up resources that may be better devoted to expanding your enterprise.

New employment rules are a concern

New regulations scrapping the default retirement age and extending paternity leave could harm businesses, a new survey has claimed.

The survey, carried out by the British Chambers of Commerce (BCC), found that the new rules, which came into effect at the beginning of April, are of concern to many of those firms polled. Of the 1,300 businesses questioned as to the impact of the regulations, over half (52 per cent) said they expected the additional paternity leave requirements to be detrimental to their businesses, with over a third (34 per cent) claiming they would be extremely detrimental. When asked about the abolition of the default retirement age, a fifth (21 per cent) considered it would have a negative impact.

Under the paternity leave changes, which also cover adoption, new fathers gain the right to additional paternity leave and pay if their partner gives birth on or after 3 April 2011. Additional paternity leave allows a father to take up to 26 weeks' leave to care for the child.

The scrapping of the default retirement age means that employees can no longer be obliged to leave their jobs simply because they have reached 65 in the case of men and 60 in the case of women.

The BCC pointed out that these two major reforms to employment legislation will not be subject to the three-year exemption from new UK regulations announced in the Budget for micro-firms (those employing fewer than 10 staff).

David Frost, the BCC's director general, said: "Our survey results show that employment law changes are causing great concern among employers, who, instead of concentrating on running their business, have to cope with more and more shifts in employment law. Every change, no matter how small, costs employers time and money."

Guidance published on new Bribery Act

The Government has published its guidance on the new Bribery Act. The Act is due to come into force on 1 July and will be implemented in what Justice Secretary, Kenneth Clarke, described as a workable and common sense way.

Worries had been raised over the legality of corporate hospitality under the Act. In other words, could business owners step the wrong side of the law just by entertaining their clients? The new guidance suggests that such concerns may be misplaced. Usual ways of entertaining clients shouldn't fall foul of the legislation. Indeed, SMEs will only need to implement new policies if they think they are at high risk of exposure to bribery. Conducting business or work in countries with a known culture of corruption would be an example.

Mr Clarke said: "Without changing the substance of the Act, this guidance should save organisations of all sizes from the fears sometimes aroused by the compliance industry that millions of pounds must be spent on new systems that, in my opinion, no honest business will require in response to the commencement of this Act."

The guidance can be found at:
www.justice.gov.uk/guidance/bribery.htm

Large increase in penalties for late tax returns

HMRC has warned taxpayers that the penalty for filing late tax returns is to rise significantly. The old fine of £100 is to be replaced because, the tax authority says, the previous penalty rate was not enough of a deterrent. The new penalty regime for late filing and late payment of self assessment income tax starts in April 2011 and applies to the tax year 2010/11.

The new penalties for filing self assessment tax returns late are:

One day late will mean an initial penalty of £100, even if there is no tax to pay or all the tax owed has been paid; three months late will mean an automatic daily penalty of £10 per day, up to a maximum of £900; six months late will mean further penalties, which are the greater of 5 per cent of tax due or £300; twelve months late will mean yet more penalties, which are the greatest of 5 per cent of tax due or £300. In serious cases, there could be a higher penalty of up to 100 per cent of the tax due.

Penalties for late payment of tax are:

Thirty days late will involve an initial penalty of 5 per cent of the tax unpaid at that date; six months late will involve a further penalty of 5 per cent of the tax that is still unpaid; twelve months late will involve a further penalty of 5 per cent of the tax that is still unpaid. These penalties are on top of the interest that HMRC will charge on all outstanding amounts, including unpaid penalties, until the payment is received.

If you would like expert guidance on how best to plan your personal tax, so that you meet the rules but don't pay more than you have to, please call us.

Online VAT filing for all

VAT filing is set to become compulsory for every registered business. As from 1 August 2012, online registration for and deregistration from VAT will be compulsory for all.

What's more, VAT-registered businesses with a VAT exclusive turnover under £100,000 per annum will be required to file returns online as from 1 April 2012. Since April 2010, this rule has only applied to those businesses with an annual, VAT exclusive turnover exceeding £100,000 and newly registered businesses.

Getting things right on VAT can be a major concern for many businesses. Should you need any help on making sure you deal with your VAT returns and payments in the most efficient way, do contact us.