

Business *update*

Autumn 2008 update from C Todd & Co

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national minimum wage to increase...

new rates of the national minimum wage to apply from 1st October 2008.

The national minimum wage will increase again on 1st October 2008. The rates of increase this year are more in line with current levels of inflation at around 3.8%. Previous increases in the minimum wage had been well above the rate of inflation.

<u>Age</u>	<u>New Rate per Hour</u>	<u>Old Rate per Hour</u>
22 and over	£5.73	£5.52
18 to 21	£4.77	£4.60
16 and 17	£3.53	£3.40

Whilst the increases will be welcomed by employees, employers who will have to fund the increases in difficult economic conditions may not be so pleased at the increases.

online filing to become compulsory

Each year HMRC and Companies House increase the number of forms and returns which have to be filed online.

In recent years small businesses have received financial incentives to file end of year forms P35 and P60's online.

This year HMRC have reduced the deadline for filing paper self assessment tax returns to 31 October. Returns filed online have a later filing deadline of 31 January.

Moves are being made to make the filing of VAT Returns online compulsory within two years.

We can ensure all our clients that our systems are fully compliant and secure for all aspects of online filing.

dreaded penalties

And for once we are not talking about the prospect of the England football team having to face a penalty shootout in a major football tournament.

We are talking about H M Revenue & Customs and Companies House and their love of penalty charges.

Prime Minister Gordon Brown recently said how proud he was that in the last 10 years there were a million more small businesses in the country.

The reason he is so proud is probably the fact that he has 1 million more businesses he can impose penalties on.

HMRC and Companies House have always imposed penalties for late filing of returns, and cases of tax evasion, and rightly so.

However, not content with that, the current penalty culture is about to get much worse.

It has often been suspected that tax inspectors were on commission, now we know it is true. Therefore, now the aim of tax and VAT visits is not you prove you are doing things right, but to extract additional taxes.

It is also true that HMRC are going to impose many more penalties than ever before and that the level of those penalties will be far greater than in the past.

The latest penalty to be imposed by HMRC is for making a genuine mistake. If you make a mistake on a form or return you can expect to receive a penalty of 25 to 40% of the tax due to ensure you don't do it again.

We all know inflation is running high at the moment, but Companies House inflation is at a minimum level of 50% as that is the minimum increase they are putting on their late filing penalties from next year.

As a result it is now more important than ever to ensure your returns are submitted on time and free from mistakes.

Therefore we ask our clients not to leave sending us their accounts, VAT and tax return information until the last minute to enable us to have as much time as possible to complete your work to ensure penalties aren't imposed.

But even then, as many clients are aware, the Government will still issue penalties where all returns are up to date and free of mistakes.

Maybe we should issue penalties to HMRC....

filing deadlines to be reduced

As many of you will be aware this year the deadline for submitting your 2008 paper self assessment tax returns in the post is 31 October 2008.

The deadline for submitting returns online remains at the traditional deadline date of 31 January.

This is a three month reduction, which may not sound a long time, but for accountants and clients alike, this is a significant reduction which serves no real purpose other than to put everyone under pressure.

If people are put under pressure there is an increased likelihood of mistakes being made. As mentioned previously, HMRC are introducing increased penalties even where a mistake is made.

Therefore it is not difficult to see why HMRC would like everyone to be under more pressure by imposing very tight filing deadlines.

At C Todd & Co all our systems are fully secure and complaint with online filing to enable us to file your returns right up to 31 January 2009. Our systems are also unaffected by HMRC website crashes.

However this is not the only move with regards to shortening the deadline to file returns.

From 05 April 2009 Companies House are reducing the deadline for limited companies to file their abbreviated accounts.

The current deadline to file abbreviated accounts with Companies House is 10 months after the year end date.

This will be reduced to 9 months after the year end date in 2009.

Companies House are adopting online filing of abbreviated accounts, but there adoption is much slower when compared with HMRC.

Our software can bypass the HMRC website for filing tax returns. However, when filing company accounts with Companies House, at present we have to access their website.

The Companies House website is closed for filing almost 40% of the year. But not to be affected by the restrictions imposed upon us, our software will soon be updated to enable us to bypass the Companies House website as well and file 24 hours a day, every day.

paid holiday entitlement to increase further in 2009

Last year the number of paid holiday days employees were entitled to receive each year was increased to a minimum of 24 days from 20 days.

From 1st April 2009 this minimum paid holiday entitlement will increase further.

The new minimum paid holiday entitlement will be 28 days a year for full time workers, based on employees who work a five day week.

This 28 days holiday entitlement will include Bank Holidays, of which there are usually 8 per year.

Part time workers will be entitled to receive a minimum 28 days pro rata to the number of days they work each week.

Companies House Developments

The level of penalties imposed by Companies House for late filing of annual accounts is to increase significantly from 01 February 2009.

If accounts are submitted to them between one day and one month late the new penalty will be £150.

The current penalty for accounts submitted between one day and three months late is £100.

The level of penalties charged will be doubled if accounts are late two years running.

In other developments there is good news.

From 01 October 2009 company directors will have the option to have their home address removed from public viewing.

Given the increase in identity fraud we believe this is a positive move and we will be advising all of our clients to adopt this proposal.

We will contact you nearer the time to seek your opinions. We offer clients the option to use our office address as their registered office address free of charge.

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