

BUSINESS & TAX UPDATE



The latest business and tax news

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The Future of Tax is Digital

Most businesses will soon have to keep digital accounting records and file quarterly updates with HM Revenue & Customs (HMRC), under plans unveiled by the government. This will cover companies, as well as unincorporated businesses.

This scheme will be rolled out between 2018 and 2020, and is the biggest change in the tax system for decades.

Some businesses will be exempt from these requirements, particularly where the owners cannot engage digitally due to disability, age or remoteness of location.

Digital quarterly reporting

The proposal is that businesses will feed information on income and expenditure into their own tax software, from where it will be sent on to HMRC in summary form once a quarter.

Businesses will be given nine months from the end of their accounting period end to complete their 'end of year' activity, at which point their tax liability for that particular year will be finalised. Some accounting requirements will be reduced/removed so that fewer adjustments are required.

Cash basis

HMRC is proposing to allow business with up to a certain level of turnover to use the cash basis for their financial filings. This would radically simplify accounting for many by ignoring debtors, creditors and other adjustments.

Partnerships

HMRC plans to abolish the current requirement on partners to report their individual profit share in an annual tax return. Instead, a nominated partner will undertake the filing requirements on behalf of all partners.

Companies

By 2020 most companies will also have to start updating HMRC quarterly for corporation tax purposes. The government has said it will issue further details on companies later this year.

Unincorporated landlords

Unincorporated landlords can also use the cash basis. If they do, they will not need to declare rental income until it is actually received, and will only receive relief for payments actually made. Relief for the costs of buying furniture etc. would be given on a replacement basis.



Voluntary tax payment

It is proposed that as part of the reforms, businesses will be able to make voluntary payments on a pay-as-you-go (PAYG) basis.

New penalties

A new points-based penalty system will be introduced under which financial penalties will only be imposed after the fourth offence. Each additional 'point' will result in an additional fine. Points will be re-set to zero after a proposed two-year period of compliance.

It is proposed that the initial fine for submitting late information after four offences will be £100.

A new regime is also envisaged for late payments of tax, which could be 4% of the tax after 30 days, 10% after six months and 15% after a year.

Use of third party information

HMRC is proposing to make better use of third party information to pre-populate digital tax accounts from October 2016 onwards with bank and building society interest. Other sources of income would be added after April 2018 as part of the government's aim to abolish the tax return after 2020.

Accounting Solutions

In anticipation of the new digital regime, Bishop Fleming has launched Accounting Solutions, so that clients can be up to speed with HMRC's requirements before they become mandatory, and have at their fingertips all their financial information in real time and in a meaningful form. More information about how Accounting Solutions can help you can be found on page 4 of this document.

To find out more about this new scheme, please contact us on:

☎ 03333 21 9000 ✉ advice@bishopfleming.co.uk

Employers Face New Immigration Penalties

Employers found not to be complying with new immigration rules affecting illegal workers could face a fine, and their directors could face imprisonment.

The Immigration Act 2016 came into force on 12 July 2016, under which employers can face criminal prosecution where they have a “reasonable cause to believe” that a person is working illegally.

Previously, employers had to be “knowingly” employing an illegal migrant, so the new offence is much wider in effect.

Immigration powers

The new Act also allows immigration officers to enter an employer’s business premises and seize and retain any documents that could relate to an offence. In addition, the Chief Immigration Officer has the right to close an employer’s business premises for up to 48 hours under certain circumstances.

New skills levy

Another new cost for employers under the Act is an “Immigration Skills Levy” to be introduced from April 2017. Where employers sponsor skilled workers from outside the EU, they will have to pay a yearly skills levy – amounting to £364 per migrant employee for small employers and charities, rising to £1,000 per migrant for large employers.

Whether this will also apply to EU workers post Brexit remains to be seen.

This levy comes on top of the new Apprenticeship Levy which also starts in April 2017.

Action points

Being in breach of the new Act could have serious financial outcomes for employers, so there are steps they can take to reduce the risk:

- Prior to someone starting a job, employers should have sight of original right to work documents. The Home Office has guidance on which documents to examine;
- Employers should securely retain right to work information;
- Review on a regular basis employee information to ensure they have a right to work;
- Set up reminders to alert when an employee’s visa is due to expire;
- Have a central contact who is trained to deal with immigration queries;
- Ensure an up to date right to work policy is in place;
- Review dismissal policies and procedures, and make sure they are followed where an employee is no longer able to legally work in the UK.

Avoiding discrimination

Whilst it is important to comply with the new rules, it is equally important to avoid discrimination. In this regard it may be advisable to carry out right to work checks on all potential employees to ensure equal treatment. Such checks should only be carried out at the last stages of recruitment.

Should you wish to discuss the issues raised, please contact a member of our payroll services on,

☎ 03333 21 9936

✉ payroll@bishopfleming.co.uk



Advisers Help Drive Success of Automatic Enrolment



As workplace pensions continue to roll out across the UK, new research by the Pensions Regulator appears to show that the majority of small employers are feeling more confident with auto enrolment, having spoken to their advisers.

The research, based on surveys carried out in the period February to April 2016, also reveals increased understanding of the issues surrounding workplace pensions by small employers.

Key findings from the Regulator's analysis of their recent employer and intermediary tracker research found:

From the employer survey:

- Understanding amongst small employers saw a rise from 68% to 81%, and amongst micro employers from 56% to 60%.
- Communications from the Pensions Regulator continued to be the main spur for employers to start preparing for automatic enrolment, two thirds of the employers stating adverts encouraged them to look again at the Regulator's direct communications.
- The majority (90%) of employers continued to express confidence in future compliance with automatic enrolment (93% in Autumn 2015).
- Most employers continued to have positive perceptions of workplace pensions. However, automatic enrolment was more likely to be perceived as a challenge among micro employers than among small employers.

From the intermediaries' survey:

- Awareness and understanding of automatic enrolment is now almost universal amongst business advisers – and more than nine out of ten are now helping clients meet their duties.
- Workplace pensions are settling in across the UK, with the majority of advisers having now been approached by employers.
- Between 84-94% of all intermediary types had been approached by clients regarding automatic enrolment services; this contact was perceived to be mostly prompted by direct communications from the regulator.
- Familiarity with the Regulator was high amongst intermediaries and 90% of intermediaries had visited the Regulator's website.
- Most intermediaries either had faced, or expected to face, challenges when responding to clients and offering automatic enrolment services. Around half of accountants, bookkeepers and payroll administrators continued to feel 'partially' able to answer clients' queries.
- There remained significant differences in the specific types of services offered by intermediaries.

Bishop Fleming's Payroll Services acts as an auto enrolment intermediary and advisor, and has established a scheme that employers can use, alongside an easy-to-understand guide.

Bishop Fleming Payroll Service can take care of your auto enrolment

We can ease the burden of setting up and administering auto-enrolment with a fully compliant solution that is cost effective and good value for money. In addition we have prepared an 'Employers' Guide to Auto Enrolment' which provides a summary of the key points you need to consider, explanation of the terminology and at the back includes an AE planner.

For more information, please contact Bishop Fleming Payroll Services on,

☎ 03333 21 9936 ✉ payroll@bishopfleming.co.uk

Welcome...



Bishop Fleming Launch New Product Accounting Solutions

Well ahead of the Governments major shake-up in filing of tax returns, we have launched a new cloud accounting solution aimed at ambitious owner managed businesses who are keen to rid themselves of the hassle of entering data into their accounting system only for it to give them little in return.

Adopting the 'says what it is...' approach to the product, Bishop Fleming has named the product Accounting Solutions. The package which incorporates Xero as its accounting engine and has a number of core elements such as tax and VAT compliance returns, allows businesses to grow their package components as they need to, whilst ensuring that they are ahead of the need to comply with the governments stated aim of making all businesses submit quarterly digital returns starting in 2018.

Julian Cramp, Bishop Fleming's Marketing Director explained:

"Our cloud accounting solution is designed for those business owners who don't just want to keep up with the competition but want to get ahead. The advantages of this bundled solution is that it combines elements that need to be done with bits that add real value. The benefits and flexibility to grow the solution make it a real 'no brainer' for businesses to adopt. It is incredibly easy to set-up and use, gives the businesses owner better management information and the person doing the finances better tools to get the job done. It's a real win – win, so what's not to like?"

More information is available on our dedicated website (<http://bfaccountingsolutions.co.uk>).

or to talk to someone, call us on  03333 21 9945



Nathan Coughling,

our new Audit Director at the Plymouth office. Nathan is a chartered accountant with nearly two decades of experience in the audit profession. With his previous role being within senior management at

PWC, Nathan has experience working with a broad range of clients, from owner- managed businesses to large corporates, and with organisations in the Further Education and Higher Education sectors in the South West.

As Audit Director with Bishop Fleming, he will enhance the firm's growing audit team, using his extensive knowledge and experience to provide advice and support to the firm's clients.

Nathan commented: *"Bishop Fleming is a highly respected and fast-growing firm with huge ambition and I am delighted to be joining them. I've been hugely impressed at the breadth of skills and experience within the firm, which enables us to deliver a comprehensive and joined-up service to a wide range of clients."*



Stephen Martin,

our new Senior Tax manager at the growing Bath office. Stephen is a Chartered Accountant with over a decade of experience in the tax profession, providing domestic and international tax

advice to companies and partnerships in a broad range of sectors.

He previously spent his career with top ten accountancy firm Moore Stephens in London, where he progressed to Associate Director in the business tax team.

As a Senior Tax Manager with Bishop Fleming, he will enhance the firm's growing tax team, using his extensive knowledge and experience to provide advice and support to the firm's clients, and further develop the firm's tax services.



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