



May 2012

SME news

Your spring edition of SME news

This is your spring edition of SME news, a newsflash designed to provide you with a brief summary of the latest tax, payroll, HR and general business news affecting SMEs.

TAX NEWS

Forms P11D deadline approaches

You should ensure that you file your forms P11D, the employer's declaration of employee benefits and reimbursed business expenses, with HMRC by 6 July to avoid late filing penalties. Taxable items that fall under this submission include membership of 3rd party gyms and shopping vouchers. You must remember that even though business expenses reimbursed to employees are not taxable, they still need to be reported unless you have arranged for a PAYE Dispensation Agreement from HMRC.

Tax deadline reminder service

Do you need reminders for tax deadlines? The Government's Business Link service offers an email reminder service that you can set up in a few minutes and tailor to your requirements. Further information on the service can be found on Business Link's website at www.businesslink.gov.uk/bdotg/action/keydates.

Alternatively, you can download our new tax app for iPhone, which gives you quick and easy access to key UK tax information while you are on the move. You can download the UHY Hacker Young UK tax hub app now from the iTunes store at <http://itunes.apple.com/app/uk-tax-hub/id513579963?mt=8>.

Income planning for 2012/13 for those receiving child benefits

In the current tax year, any household in which the main bread-winner earns £50,000 or more will suffer a claw back of child benefit paid after 7 January 2013, via a charge in the 2013/14 tax year. For later tax years, the full year's child benefit can potentially be clawed back. If you are self-employed, any accounting year end which finishes in the current tax year (eg. 31 May 2012 or 5 April 2013) can therefore affect your child benefit entitlement, so measures which reduce profit may need to be considered early, such as additional capital expenditure or perhaps reviewing partners' profit shares. You may also wish to include pension contributions in your tax planning.

Enterprise Management Incentive

Proposed beneficial changes to the Enterprise Management Incentive (EMI) share option scheme will make such schemes more appealing for companies looking to retain or attract employees.

The principle changes that were made are as follows:

1. Entrepreneurs Relief, which reduces the rate of Capital Gains Tax from 18-28% down to 10%, is restricted to shareholdings of at least 5% of the company. However the Government plans to apply the relief to any holding of EMI shares vesting after 5 April 2012 and held for the qualifying period.
2. The limit on the value of shares offered to any individual will double to £250,000 from 5 April 2012.
3. The government will consider extending EMI to academics employed by companies.

The above proposals were announced in Budget 2012 and are subject to consultation and approval.

PAYROLL NEWS

Updated Basic PAYE Tools software

A March 2012 update of the Basic PAYE Tools software has been released, providing a number of small fixes and improvements to the existing package. Whether a new or existing user, information on how to download the packages can be obtained from HMRC's website at www.hmrc.gov.uk/payee/tools/basic-payee-tools.htm#5.

HMRC consultation on improving the operation of PAYE

In January, HMRC released its consultation document on 'Legislative changes relating to the introduction of Real Time Information'. The document presents draft amendments to regulations relating to PAYE, National Insurance Contributions (NICs) and the Construction Industry Scheme (CIS) and can be downloaded in full from HMRC's website at www.hmrc.gov.uk.

HR NEWS

Parental leave

In January, the Department for Business, Innovation and Skills (BIS) announced that the increase in parental leave from 13 to 18 weeks would not be implemented by March 2012 as originally planned. This is due to the entry into force of the European Union's 'Parental Leave Directive' on 8 March 2012, which increases the minimum parental leave provision from three to four months. While the EU calls for Member States to implement the Directive by 8 March 2012, it does allow an extra year for implementation if required. BIS has stated that it will use the additional year's grace period and will make the changes in March 2013.

Fees for lodging employment tribunal claims

As we discussed in the previous edition of SME news, a number of changes were brought into play by the Government's 'Resolving Workplace Disputes' consultation, which was published in January.

One of the changes brings the introduction of fees for lodging employment tribunal claims that claimants will only get back if they win. The Chancellor of the Exchequer has now confirmed that such fees will be introduced in April 2013 and the following fee structure has been proposed:

- An initial £250 fee for claimants to lodge an employment tribunal claim
- A further £1,000 fee for claimants to proceed to a hearing
- Higher fees payable if the claim is for over £30,000
- Fees refunded if the claim is successful, but forfeited if lost
- Fees waived for 'poor claimants' with little or no income

GENERAL BUSINESS NEWS

Regional Growth Fund

Hundreds of small businesses will benefit from government investment of £95 million to help boost growth and rebalance the economy.

Three leading banks have agreed to facilitate the distribution, which is part of the Government's Regional Growth Fund. SMEs that are unable to get normal bank finance may qualify for a grant of up to £500,000 (alongside a new bank loan on commercial terms) if they are going to invest in new capital assets and create new jobs. The scheme aims to support local communities and help small businesses to drive local growth.

New Enterprise Zones in England and Wales

Announced in the 2011 Budget, the new generation of Enterprise Zones can offer Business Rate discounts, a simplified planning regime and, in some cases, enhanced capital allowances.

To find out whether you are near one of the new 25 Enterprise Zones in England, which became active from April 2012, a helpful PDF map can be downloaded from the Department for Communities and Local Government website at www.communities.gov.uk/documents/localgovernment/pdf/1968608.pdf. Wales has its own five Enterprise Zones, which can be viewed at www.enterprisezones.wales.gov.uk/zones.

For more information on any of the above, please contact your usual UHY partner.

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