



August 2013

SMEssentials

Your summer edition of SMEssentials

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

TAX NEWS

High Income Child Benefit Charge - Self Assessment deadline 5 October

Over 2 million parents earning £50,000 or above, who continued to receive Child Benefit after January 2013, must register for Self Assessment by 5 October 2013 to avoid penalties in relation to the High Income Child Benefit Charge. If your income is over £50,000 and you or your partner received Child Benefit in 2012/13, you will need to complete a Self Assessment tax return for the 2012/13 tax year. If you opted out before 7 January 2013, no action is necessary. If one parent earns between £50,000 and £60,000 that parent will be required to pay the High Income Child Benefit Charge on a sliding scale, which will be collected through Self Assessment. If you have an income of £60,000 or more you will not be entitled to any Child Benefit and will have to pay back any you have received in the following year's Self Assessment.

The income assessed is called 'net-adjusted income' and covers your gross income before tax from all sources but minus pension contributions. For more information contact your usual UHY adviser.

HMRC announces new rules for mileage claims

HMRC have now stopped small unincorporated businesses claiming the costs of business travel using HMRC's Approved Mileage Allowance Payments (AMAP) system. The system is being replaced by a new, simplified expenses regime for small businesses for the 2013/14 tax year onwards and has been made available to all sole traders and partnerships.

Essentially, all business miles travelled by a sole trader or a partner, in a car or van, can be claimed at 45p per mile for the first 10,000 business miles travelled in a year; with the claim reducing to 25p per mile for business miles travelled beyond 10,000. There is a standard rate, not linked to overall mileage, of 24p per mile for motorcycles. The advantage of the new system to businesses is that actual vehicle running costs do not need to be recorded, however, accurate mileage records will

need to be kept. Please note, if you are claiming capital allowances on a vehicle this scheme is not available and formal recording of running costs will be necessary.

If you would like more information or would like help in deciding the best way to claim for your business travel please contact your usual UHY adviser.

Latest HMRC rules on working from home expense claims

If you are self-employed and work from home, your claim for expenses should be limited to only the additional expenses incurred in carrying out that work. Your household expenses that do not vary, whether or not the home is used for business, are not claimable. This rules out a claim for things such as council tax and water rates, unless the supply is metered. Even where there are variable expenses, it can be extremely difficult to specify which elements are attributable to work as opposed to domestic usage.

The rates that HMRC accept aim to cover all household expenses including power, telephone and broadband costs and vary according to the amount of work carried out from home:

Number of hours worked per month	Flat rate per month
25 or more	£10
51 or more	£18
101 or more	£26

In addition, HMRC mention within their guidance that where expenses are claimed using the statutory basis, if private use of home telephone and broadband is not a significant proportion of the total usage, then the total cost may be claimed as a tax deduction.

If you would like more information on this or would like help in deciding the best way to claim for your business, contact your usual UHY partner.

Tribunal implications for home to work travel tax relief

If you undertake a professional, self-employed activity and claim tax relief for business mileage, you may have to reconsider your mileage claims. HMRC may argue that your mileage claims are disallowable if you complete work at home but also have another location from which you deliver your expertise regularly.

The result of a landmark First Tier Tribunal hearing in January, whereby a doctor lost a battle with HMRC, could have far reaching implications for all professional, self-employed businesses. The Tribunal accepted that the doctor had a place of business at home but ruled that the travel to and from his home was not considered for business purposes and the business mileage claimed for the outward or return journey was disallowable.

Each situation is judged on its own facts but, in general, HMRC have accepted the following journeys as allowable for doctors who have private practice:

- journeys between private hospitals or other private practice destinations eg. from a private hospital to a clinic or from a private hospital to see a private patient in their own home or care home;
- emergency call outs starting at the home, but going towards a non-habitual destination, such as a patient in their own home or care home (emergency calls out to private hospitals or other venues attended in an habitual fashion are not allowable);
- travel to attend training courses, where there is no duality of purpose;
- trips to visit private secretaries, accountants, solicitors, insurers and other professional advisers; and
- travel associated with the collection of evidence or information required for the writing of medico-legal reports or appearance in court as an expert witness.

To find out what is considered generally acceptable within your profession and for more information contact your usual UHY adviser.

HR NEWS

Charging fees in Employment Tribunals

From 29 July 2013 Employment Tribunals set up for the resolution of disputes between employees and employers are no longer free to access. Claims or appeals already in the system will not incur a charge, but any claims made to an Employment Tribunal on or after 29 July 2013 will attract a minimum fee of £160. For relatively simple 'Level 1' cases, such as statutory redundancy payment or non-payment of wages, claimants will be required to pay £160 to begin the process and a further £230 if they decide to take the case to a full hearing. In more complex 'Level 2' hearings, such as unfair dismissal or sackings arising from whistleblowing, there is a £250 upfront fee with a further £950 charge for a day at tribunal.

UHY Hacker Young Associates is a UK company which is the organising body of the UHY Hacker Young Group, a group of independent UK accounting and consultancy firms. Any services described herein are provided by the member firms and not by UHY Hacker Young Associates Limited. Each of the member firms is a separate and independent firm, a list of which is available on our website. Neither UHY Hacker Young Associates Limited nor any of its member firms has any liability for services provided by other members.

A member of UHY International, an international network of independent accounting and consulting firms.



This publication is intended for general guidance only. No responsibility is accepted for loss occasioned to any person acting or refraining from actions as a result of any material in this publication.
© UHY Hacker Young 2013

The Government released a Q&A document which states that:

- Fees are payable in advance.
- The party that seeks the order initially pays the fees – this means the claimant pays the issue and hearing fee but the respondent will pay fees for any applications they make.
- If a claimant lodges a claim with a number of different types of complaint, the fee payable will be that which relates to the highest level claim.
- The civil courts fee remission system will be extended to protect access to the tribunal for those who cannot afford to pay a fee (though this is currently under review).

If you are presented with a tribunal claim please contact your usual UHY adviser for advice.

AUDIT

Audit benefits for SMEs

If your business has a turnover of £6.5 million or above you will require an audit. The audit exemption threshold has increased significantly over the last 10 or so years, meaning that previously a higher number of SMEs were subject to an audit. Whilst many SMEs may see an audit as an unnecessary cost, or even an intrusion into their company that may take up the time of directors and finance staff, a properly conducted audit should give back far more than it costs.

The benefits of an audit are numerous; in its simplest form an audit provides assurance to directors, shareholders, suppliers and financiers that the financial statements of a company show a true and fair view. This extends to providing assurance that the risks in a company have been considered and that effective systems are in place to handle them.

A value added audit can go further than this, however. It can improve a company's efficiency and profitability by assisting management to better understand their own working and financial systems. Audits can also identify areas in an organisation's financial systems and controls that require improvement, outlining methods to implement the proper changes and adjustments.

To find out more about how an audit would be beneficial to your company please contact your usual UHY partner.

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

www.uhy-uk.com