



March 2018

## NEWSLETTER

### Year-end Wages Procedures

1. Give each employee a P60, which can be printed from payroll software; if you use HMRC's Basic PAYE Tools, you will probably have to download the 2018/19 update first.
2. An employee who has received benefits-in-kind (such as a company car or medical insurance) must be given a P11D, which must also be filed with HMRC by 6 July.
3. Pay Class 1A NIC on benefits-in-kind by 19 July.
4. After updating payroll software, adjust employees' tax codes for the new year:
  - a) First, apply any new codes issued by HMRC.
  - b) Second, increase codes with these suffixes by these amounts:  
  
L codes by 35, for example 1150L becomes 1185L  
M codes by 39  
N codes by 31
  - c) Third, do not alter any codes with a T suffix or a K prefix; they can be amended only by HMRC.

In all three cases, do not carry over any week 1 or month 1 marking.

I would also remind everyone of the importance of taking a back-up of payroll data after every RTI return. If you don't and then lose the data from your computer, it may not be possible to re-enter the data without the system also sending duplicate RTI returns to HMRC.

### State Pension

Last year I updated the information on my website about how entitlement to the state pension is earned, because of the change to the new flat-rate pension. Since then, I have seen some pension forecasts which did not come out as I would have expected. I would therefore advise anyone over 60 and anyone with a poor contribution record to obtain their own forecast, so they at least know what their position is.

### Tax Payments by Credit Card

I mentioned in my last newsletter that HMRC is no longer accepting tax payments by personal credit card. I now realise that this was the result of a general change in rules for personal credit cards which stops commission being added. Business cards can continue to be used to pay tax because commission can still be added.

### E-mail Scams

I have mentioned before the scam e-mails which pretend to be from a bank or Paypal, saying that you need to click on a link to fix a security problem with your account. The latest variation says that you have won a supermarket voucher worth £500. No doubt the scammers would again try to obtain your bank details if you respond.

### Telephone Scams

1. I have had calls from several people (all with Indian accents, oddly) telling me that they are working for Microsoft or Windows Security Department, claiming that there are security problems with my computer which need to be fixed. This is, of course, a scam where they are trying to take remote control of your computer and charge you for installing some unnecessary and probably dangerous software. I would advise you to hang up immediately if you receive such a call, because they can become very abusive if you do not co-operate with them. I have heard some choice obscenities when I have argued with them.
2. I have heard of someone receiving a call which claimed to be from HMRC about an outstanding tax bill, demanding immediate payment over the telephone to avoid bailiffs being sent round the next day. HMRC does sometimes ring people who owe tax, but they never make threats like that and, before even saying what the call is about, they will ask some security questions to confirm that they are talking to the right person. As a point of principle, you should always make tax payments through the HMRC website or by an electronic payment from your bank.

### Auto Enrolment

All employers are now within the scope of auto enrolment and any new employers will be required to set up a pension scheme immediately and enrol their employees (who may then opt out). Contributions started at the low rate of 1% each for employer and employee, but are increasing on 6 April 2018 to 2% for the employer and 3% for the employee. The employee is entitled to tax relief, which can be given in two ways:

1. The employee can pay the full 3%, which is then deducted from gross pay before tax is calculated. This automatically gives relief at the employee's highest tax rate and is called a net pay arrangement.
2. The employee is given basic-rate tax relief at source, so pays only 2.4%. Pension providers tend to use this as the default method.

It is important to set up your payroll program correctly, or the employee could be given tax relief twice or not at all.