

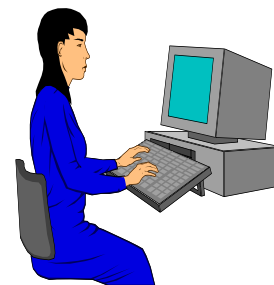


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NEWSLETTER



Holiday

My last day in the office before taking a holiday will be Friday, 25 March. My staff will be able to deal with routine queries while I am away, but not anything which requires my personal approval, such as finalising accounts and tax returns, or providing mortgage and employment references. When I return to work on Wednesday, 13 April, I plan to fully reopen the office, if the Covid pandemic is no worse than it is now.

Year-end Wages Procedures

1. **Give** each employee a P60, which can be printed from payroll software.
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. After making the final Full Payment Submission (FPS) for 2021/22, the payroll software will need to be updated for the new tax year, 2022/23.
4. The personal allowance has not been increased, so most employees will stay on the same code for 2022/23, although any week 1/month 1 markings (an X at the end of the code) can be removed. Code numbers should be amended only where a new code has been issued by HMRC.
5. Pay Class 1A NIC on benefits-in-kind by 19 July.

National Minimum Wage

Hourly rates will increase on 1 April 2022:

	Old £	New £
Living wage (23 and over)	8.91	9.50
Minimum wage (21 to 22)	8.36	9.18
18 - 20	6.56	6.83
16 - 17	4.62	4.81
Apprentice (under 19 or in first year)	4.30	4.81

SEISS Grants

As I start to prepare 2021/22 tax returns next month, I shall need to know whether self-employed people claimed the 4th and 5th SEISS grants. In particular, remember to tell me if a grant was banked in a private account, as I generally look only at business accounts.

I have not yet seen HMRC query eligibility for any of the SEISS grants claimed in 2021/22, but they still have several months to do so.

MTD

Making Tax Digital (MTD) requires businesses to use computer software to keep records and file VAT returns. All VAT-registered businesses not already using MTD will be brought in from 1 April 2022. If you need any advice on what software to use, please contact me.

MTD will be extended to Income Tax in 2024 and will then cover all but the very smallest businesses. The best way to keep accurate MTD records is to record all bank transactions and regularly reconcile the bank balance on the computer to the balance on the bank statement. As that requires all bank transactions to be entered on the computer, it is obviously easier to have a bank account purely for business, and a separate account for personal items. Over the next two years, I shall keep nagging clients who make a lot of private payments from a business bank account.

Tax Checks

From next month, tax checks will apply to the renewal of licences for taxi-drivers, private hire vehicles businesses, scrap metal yards and scrap collectors. This is a move to clamp down on the black economy by ensuring that those businesses are paying their taxes.

(Incidentally, the online policy paper for this measure uses the American spelling "license" in its heading, which I find very annoying. A mistake like that is usually the result of people not realising that American English is the default setting for the spell-check on their word processor).

HMRC Enquiries

The pandemic of the last two years seems to have had an effect on the number of HMRC enquiries into tax returns, with far fewer than usual for the tax years 2018/19 and 2019/20. The enquiry deadline for those two years has now passed, but that does not necessarily mean that the tax liabilities are finalised.

An enquiry is just the legal process under which HMRC is allowed to ask questions about a taxpayer's return. However, if HMRC receives specific information about income which has been omitted from a return, they can amend a return without needing to ask any questions, by making what is called a "discovery" assessment.

Now that HMRC staff are returning to their offices, I would expect the number of enquiries for the 2020/21 tax year to return to the pre-pandemic level.

Red Diesel

From next month, only farmers will be able to use the lower duty "red" diesel in their agricultural machinery.