



E-Update: June 2011

This month Robert Bradley looks at how HM Revenue & Customs are getting tough on taxpayers

Dear All,

You are receiving this newsletter as a client or business contact of Bradley & Associates. Should you no longer wish to receive it at this Email address please follow the link below or email me your preferred address so that I can continue to keep you updated. This month looks at the ever tightening traps HMRC is laying for taxpayers and what you can do about it.

Heard nothing from the taxman about the late payment of your PAYE?

Fears are growing that HMRC is about to launch a barrage of PAYE-related penalties on unsuspecting businesses. Is your company in the firing line? The end-of-year PAYE return form (P35) for 2010/11 was due to be submitted by May 19, and HMRC should be well on their way to processing them by now. Normally this wouldn't be a significant event, but for the first time ever it might trigger a review of the date on which employers made payment.

Penalty. PAYE tax and NI payments due for 2010/11 will be subject to a penalty where they have been made late. For example, the PAYE payment on salaries and wages paid in the month to July 5 is payable by July 19 (22nd if paid electronically). If you pay late once there's no penalty but twice and you'll be hit with a fine equal to 1% of the amount overdue. This fine increases on a sliding scale until, where payments are late eleven times a year, it's 4%.

Trap: If by April 19 (or 22nd) you hadn't paid all the PAYE due for 2010/11, HMRC will consider there's a high risk of a penalty being due. This could mean them paying you a visit and inspecting your PAYE records, which could cost time and money.

Advice: If you made one or more 2010/11 payments late, draw up a schedule of them now while the figures are still fresh and easily available. This could save a great deal of effort later and avoid a dispute with HMRC. This information should not necessarily be volunteered as this may trigger a visit by them.

Trap: Furthermore HMRC has issued a warning to employers who pay their monthly PAYE and NIC electronically. When you've told your bank to make payment by the deadline for electronic payments of the 22nd of each month, and that falls at a weekend or bank holiday, they often defer payment to the next working day. HMRC has said that where this results in the payment being late, they can charge penalties of up to 4% of the amount payable.

Advice: Bring forward the PAYE and NIC payments for 2011/12 which are due on 22 October 2011, January 22nd 2012 and April 22nd 2012.

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