

This month's newsletter includes: ACAS's comments on a recent case regarding the calculation of holiday pay, a reminder that filing a 2014 paper tax return now will cost you £100 penalty, an update regarding tax summaries being distributed by HMRC and a reminder of an approaching deadline if you want to pay off tax arrears for 2013-14 by adjusting your code number.

### Autumn Statement

### PRACTICE NEWS

Ellacotts' tax expert, Alan Boby, comments on the latest announcements in the Chancellor's Autumn Statement. Visit: <http://www.ellacotts.co.uk/news/post/Autumn-Statement-2014/>

### Don't file a paper tax return

### INCOME TAX

The online filing deadline for 2013-14 Self Assessment tax returns is 31 January 2015. However, if you are still filing a paper version of the return, the 2013-14 deadline was 31 October 2014.

As the 31 October paper-filing deadline has passed, even if you have no tax to pay, or you eventually pay your tax on time, and if you file a paper return for 2013-14 between now and the 31 January 2015, it will still land you with a £100 penalty.

The only way to avoid a penalty is by submitting your tax return online by 31 January 2015. To send an online tax return yourself, you must be registered for HMRC's Online Services. This involves HMRC sending you an Activation Code in the post, so allow time for this to arrive. If you haven't registered for online filing, you can do so by visiting the GOV.UK website and following the instructions.

If you would like professional help in filing your return please contact us – we are already registered with HMRC.

### Paying tax arrears by instalments

### INCOME TAX

At present, if you file your Self Assessment tax return before a certain date, you can elect to have any arrears paid off by making an adjustment to your tax code in the following tax year.

In order to qualify for this option you must have your return filed by 30 December.

For example, if you file your 2013-14 return before 30 December 2014 you can request to have an underpayment recovered by HMRC in the tax year 2015-16. To achieve this, HMRC will adjust your code number so that you pay additional tax each month that adds up to the amount owed by the end of the 2015-16 tax year.

There are a few conditions:

1. For 2013-14 the maximum that can be paid off in this way is £3,000.
2. HMRC can only adjust a code number if you have a source of income (salary or pension) that is subject to PAYE.
3. HMRC will not adjust your code if you do not receive sufficient income from the source against which the underpayment is to be coded, or
4. If your PAYE deductions would be doubled - twice as much Income Tax would be deducted, or
5. The 50 per cent K code limit would be exceeded.

Another reason to ensure your return is filed now.

## Personal tax summaries

## PAYROLL

HMRC have started to distribute personal tax summaries that set out how much tax you have paid and how the revenue collected is spent by government. According to a recent press release:

1. Personal tax summaries show you how your tax is calculated and what it is spent on

Personal tax summaries show you how much Income Tax and National Insurance Contributions (NICs) you paid over the financial year 2013-2014, and how this is calculated. The back of the summaries show you how your tax contributed to public spending, for example, how much of the tax you paid went on health, defence, overseas aid and more.

2. Overall, 24 million people will receive a personal tax summary

This is the first year that the government is sending out personal tax summaries, and from now on, they will be sent out once each year.

3. You don't have to do anything with them

The personal tax summary is for reference only – you don't have to do anything with it. Apparently, the government is sending them out to improve the transparency of the personal tax system, so that you know how much tax you pay, how it is calculated, and how the government spends it.

4. It's all part of a wider aim of the government to make the tax system fair and simpler

In future, HMRC will provide everyone with a digital account which will include their tax summary.

5. Not everybody will get theirs on the same day

Personal tax summaries will be sent in batches over several weeks. The first tax summaries were delivered on 3 November, and most will have been sent by mid-December.

If you prepare a tax return, then your summary will not yet be available unless your 2013-14 return has been filed.

## Overtime and holiday pay

## EMPLOYMENT LAW

In the past companies have tended to base holiday pay payments on a worker's basic pay, excluding overtime. In a recent landmark case an Employment Tribunal has ruled that past, non-guaranteed overtime should be included in the calculation of holiday pay.

Here's what ACAS have to say:

"Non-guaranteed overtime is where there is no obligation by the employer to offer overtime but if they do then the worker is obliged by the contract to work overtime.

On 4th November 2014 the Employment Appeal Tribunal handed down judgment in the case of *Bear Scotland v Fulton* which covers how holiday pay should be calculated when non-guaranteed overtime is worked.

The judgment has clarified that:

- Workers should have their normal non-guaranteed overtime taken into account when they are being paid annual leave.
- Anybody making a claim must have had an underpayment for holiday pay that has taken place within three months of lodging an employment tribunal claim.
- If a claim involves a series of underpayments, any claims for the earlier underpayments will fail if there has been a break of more than three months between those underpayments.
- Only the 4 weeks' annual leave entitlement under the original Working Time Directive apply to this judgment, rather than the full 5.6 weeks' leave provided by the Regulations as they operate in Great Britain.

This judgment may have an impact in situations where non-guaranteed overtime is carried out by workers on a regular or consistent basis. It is unlikely to have an impact in situations where non-guaranteed overtime is either already factored into holiday pay, or possibly where non-guaranteed overtime is only used on genuinely one-off occasions.”

**Tax Diary December 2014/January 2015**

**GENERAL**

1 December 2014 - Due date for Corporation Tax due for the year ended 28 February 2014.

19 December 2014 - PAYE and NIC deductions due for month ended 5 December 2014. (If you pay your tax electronically the due date is 22 December 2014.)

19 December 2014 - Filing deadline for the CIS300 monthly return for the month ended 5 December 2014.

19 December 2014 - CIS tax deducted for the month ended 5 December 2014 is payable by today.

30 December 2014 - Deadline for filing 2013-14 Self Assessment online to include a claim for under payments (under £3,000) be collected via tax code in 2015-16.

1 January 2015 - Due date for Corporation Tax due for the year ended 31 March 2014.

19 January 2015 - PAYE and NIC deductions due for month ended 5 January 2015. (If you pay your tax electronically the due date is 22 January 2015.)

19 January 2015 - Filing deadline for the CIS300 monthly return for the month ended 5 January 2015.

19 January 2015 - CIS tax deducted for the month ended 5 January 2015 is payable by today.

31 January 2015 – Last day to file 2013-14 Self Assessment tax returns online.

31 January 2015 – Balance of Self Assessment tax owing for 2013-14 due to be settled today. Also first payment on account for 2014-15 due today.