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**Welcome to your November Insider. This month we take a look at what you need to do now to prepare for the start of Real Time Information (RTI) in April next year. And as the temperature drops and thoughts turn to the festive period, we give a brief overview of some of the tax reliefs that are available for the Christmas season – have you planned your staff party yet?**

Elsewhere, HMRC shines its spotlight onto 'direct sellers'; in its new campaign targeting those who sell goods without the need of a shop. Finally in Your Money, we explore the end to the default retirement age, and the option to continue working into your later years.

## Real Time Information – are you ready?

There are now less than six months until almost all employers and pension providers must report their payroll information to HMRC on or before every payday.

To be able to comply with the new system there are a number of measures that you as a business will need to take. These include:

### Ensuring employee data is correct and complete

It is vital that the information you hold on your employees is accurate and up to date for Real Time PAYE to function effectively. The data held by you will be matched to data held by HMRC, so any discrepancies could be rejected.

### Align your data to HMRC's

Before you can start reporting in real time you will need to send HMRC information about every employee that's worked for you in the current tax year (even if they have already left). Your information and software will need to be up to date before you can do this.

### Changing internal processes

There will need to be a number of changes, including:

- The way you record working patterns
- The way you report new starters and leavers

- The way you report company cars
- The way you report at the year-end.

### Ensure you are using RTI compatible software

If we do your payroll you will not have to worry about this, but if you are using payroll software you will need to ensure it is compatible with RTI.

*We can help you to prepare and get ready for RTI, please contact us to find out how.*



## Tax relief at Christmas

As Christmas edges closer we take a look at the qualifying tax expenditure your business could take advantage of over the festive season:

### Christmas parties

Christmas parties can be held with an exemption from tax and national insurance provided they meet certain conditions, including:

- Being open to all employees
- Costing less than £150 per head.

### Gifts to customers

Business gifts are only allowable as a tax deduction if:

- The total cost of gifts to any customer does not exceed £50 per year and
- The gift contains a clear advertisement for the business and
- The gift is not food, drink, tobacco or exchangeable vouchers.

Samples of a product are allowable even if they are food, drink or tobacco.

## Gifts to employees

Small items such as a Christmas turkey or standard bottle of wine are considered to be trivial benefits, which can be given as tax-free gifts to your employees. Other gifts to staff are tax allowable, but your employees could be taxed on the value of the gift as a benefit in kind, in which case you would also have to pay Class 1A national insurance on the value of the gifts.



*For help and advice on tax relief at Christmas please contact us.*

## Direct sellers become latest HMRC targets

Direct sellers, defined as selling directly to customers without the need of a shop, are the latest group to be targeted by HMRC.

The campaign aims to get those who may not have paid the right amount of tax to come forward. Those that do will be offered a more lenient penalty than those discovered by HMRC without responding to the initiatives.

Most, although not all, direct sellers are self-employed, which means that they are responsible for notifying HMRC of their earnings. Those who have not can do so via this campaign provided they do so before 28 February 2013.



*For help and advice on tax relief at Christmas please contact us.*

# YOUR MONEY

## End of the Default Retirement Age – what now for older workers?

Last month marked the official end of the Default Retirement Age (DRA). The DRA has gradually been phased out from the start of April last year, and as of 5 October employers are no longer able to force employees to retire once they reach the age of 65.

It comes in response to a nation that is living and working longer than ever before. The impact of the financial crisis on people's savings means many are re-evaluating their plans for later life and working longer. There are now a record number of employees working past the age of 65, with around 870,000 over 65s in work in the final quarter of 2010, allowing workers greater financial, social and physical independence.

If you are an older worker approaching the state retirement age, your options may include:

- **To continue working** – you may be able to continue working your normal hours and put off claiming your State Pension. Deferring your state pension may in fact earn you an extra State Pension for later life, or you could earn a one-off taxable lump sum payment.
- **Early retirement on partial pensions** - you may take all or part of your pension while continuing to work (known as partial retirement). It is important to consider the implications of doing so on your final pension pot.
- **Work flexible hours** – cutting down the amount of hours you work can give flexibility to continue to work and gradually get used to retirement.
- **Become self-employed** – some may prefer to work on a self-employed basis and choose the amount and level of work they can take on, but it isn't for everyone and will result in different tax obligations.

*Please talk to us to discuss your options on working past the state pension age or if you're reaching retirement.*



## November's Money Facts

Current bank rate	0.5%
Quantitative Easing Scheme	£375 billion
Current inflation	2.2%