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business advisers

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## Digital tax accounts to replace annual tax return

### HMRC has launched a digital accounts system for businesses and individual taxpayers.

The new system will allow people to see their tax details and make payments at any time during the year.

HMRC plans that by 2020, most taxpayers including individuals, businesses and landlords will track and submit information to HMRC digitally every quarter.

### Uncertainty over quarterly system

The Low Incomes Tax Reform Group (LITRG) has expressed concern that non-digital literate businesses may face charges from HMRC due to the introduction of the new quarterly system. These people could become accidentally non-compliant and face penalties.

Older taxpayers, people with disabilities and those living in remote areas are most at risk from failing to comply with the new system.

Anthony Thomas, LITRG chairman, said:

"It is very harsh that small businesses with the lowest profit margins may be required to undertake significant investment and training in computer technology simply in order to comply with HMRC's reporting requirements, and for no other purpose."

### Accessing digital accounts

Taxpayers can access their digital accounts at any time during the year. Once you have logged in online you can do the following:

- view and update your personal details
- calculate your PAYE income tax and estimate how much tax you owe
- see tax effects on changes in estimated pay
- inform HMRC of any changes and benefits
- access forms such as national insurance, pensions and benefits
- find out about marriage allowance entitlement and making claims online.

*We can advise you on managing your account.*

## Early pension exit fees capped

**The Financial Conduct Authority (FCA) will be given the power to cap "excessive" early exit fees on pension pots.**

The new FCA responsibility will be introduced through legislation and the government will be publishing a formal response.

The proposals will see the FCA being independently responsible for determining what the level of the cap on early exit fees will be. The FCA is due to launch a consultation on what this should be.

Around 700,000 (16%) customers in contract-based schemes could face some form of early exit charge for accessing their pot.

Furthermore, a “significant minority” were potentially looking at charges high enough that could “effectively put them off accessing their pension flexibly”.

So far, 400,000 pension pots have been accessed under the new pension freedoms.

Further FCA investigation found that of the 670,000 consumers aged 55 or over that have faced an early exit charge:

- 358,000 were charged between 0-2%
- 165,000 were charged 2-5%
- 81,000 were charged 5-10%
- 66,000 were charged 10% and over.

The chancellor George Osborne, said the government was not prepared to stand by and see people “either ripped off or blocked from accessing their own money”:

“We’re determined that people who’ve done the right thing and saved responsibly are able to access to their pensions fairly.”

The Association of British Insurers has responded to the announcements by emphasising that 80% of customers do not currently face the possibility of early exit charges:

“Where they do, most fees are below 5% and were put in place decades before the freedom and choice reforms were introduced.”

 **Contact our team about your pension today.**

## Lack of flexible working hampers employers

**Employers may be missing out on the best skilled workers by not offering flexible working.**

A report by the Joseph Rowntree Foundation argues that the current lack of ‘quality’ part-time and flexible jobs is holding back the labour market by:

- cutting businesses off from a proportion of skilled workers
- ensuring some employees get ‘stuck’ in inflexible jobs and end up ‘trading down’ to get the flexibility they need.

The report highlights a gap between the now relatively common flexible working and flexible hiring, which is still comparatively rare.

The foundation carried out surveys with workers and looked at current vacancies. While 6.2% of ‘quality’ vacancies advertise the ability to work flexibly, 47% of surveyed workers want to be able to do so.

It is estimated that the number of flexible positions would

have to increase eight-fold to meet the demand. This would primarily affect parents, older workers and people with disabilities.

## Introducing flexible working

By offering more flexible jobs, businesses could not only have a positive impact on individual people’s earnings, career progression and job mobility, but it would also allow them to get the best workers for each vacancy.

Any employee who has been working for the same employer for more than 26 weeks has the right to request flexible working arrangements. This is known as ‘making a statutory application’.

If you want to introduce flexible working, you first need to decide what kind of flexibility you want:

- flexible location – people can work at the office, at home or other locations
- flexible time – people can move their contracted hours around to suit their schedules
- flexible contract – could include the above as well as outsourcing, use of agency labour or temporary and fixed contracts.

You may want to opt for all of these options.

There are 3 main types of flexible hours arrangements that employers can utilise:

- part-time – employees work less than a full 9 to 5 working week
- flexitime – employees can come in earlier/later each day as long as they complete their contracted hours at the end of each week
- overtime – workers can work extra hours that then translate to time off in lieu.

 **Talk to us about setting up flexible working.**