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focus on...

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Welcome to Focus On… our monthly business bulletin looking at issues relevant to particular sectors and topics of interest.

If you would like to discuss any aspect of our services, please contact Richard Grayson, Managing Partner at Nicholsons, at **richard.grayson@nicholsonsca.co.uk** or phone **0845 27 66 555**.

New tax cheat taskforces launched

HM Revenue & Customs (HMRC) has launched a new wave of taskforces to crack down on tax evasion.

The taskforces will visit traders in a range of business sectors and locations across the UK to examine their records and carry out other investigations. The new initiatives, announced on 19 September will target:

- the construction industry in London
- hidden wealth in the Midlands, including people with offshore accounts and those living lifestyles beyond their obvious means through assets from undeclared income
- the hidden economy in the second-hand motor trade in the Midlands
- security guards, bouncers and their employers in London and the South East.

Jennie Granger, HMRC's director general of enforcement and compliance, said: "HMRC taskforces are deployed in sectors and areas where we've detected a high risk of tax evasion.

"If you have declared all your income, you have nothing to worry about. But, if you haven't, we will find you, investigate you and not only could you face a heavy fine, but a criminal prosecution as well."

HMRC has collected more than £90 million as a result of taskforces launched since 2011-12. It expects to bring in more than £90 million per year from taskforces launched over the next three years.

Meanwhile, HMRC is currently running the latest phase of its tax evasion publicity campaign through advertisements, including more than 3,000 billboards. The campaign is designed to raise awareness that HMRC is closing in on undeclared income.

Employers sent new RTI reminder

Tens of thousands of employers who have failed to start using Real Time Information (RTI) payroll reporting are being urged to take action now.

HM Revenue & Customs (HMRC) wrote to around 167,000 employers in September who had missed one or more RTI deadlines for reporting PAYE.

HMRC said that if employers had not reported because they did not pay anyone, their PAYE scheme had closed or was no longer operating, they still needed to inform HMRC.

Ruth Owen, HMRC director general for personal tax, said: "Over 85 per cent of employers are now reporting PAYE in real time but our records show that 167,000 employers have yet to send us a PAYE submission.

"Reporting PAYE in real time makes it easier for employers to pay HMRC the right amount and avoid late payments and penalties."

Meanwhile, HMRC is now analysing the results of an online survey seeking the views of employers on RTI, which was introduced in April this year and with which all employers must comply from April 2014.

The survey was originally due to close on 13 September but as a result of requests from employers and other interested parties, HMRC extended the deadline to 20 September.

Landlords offered chance to tidy up tax affairs

Landlords who let residential property, and fail to tell HM Revenue & Customs (HMRC) about all their rental income, are being offered the opportunity to voluntarily put their tax affairs in order.

HMRC estimates that up to 1.5 million such landlords may be underpaying up to £500 million in UK tax every year.

Now it has launched the Let Property Campaign, under which landlords who may owe tax – whether through misunderstanding the rules or deliberate evasion – can come forward and tell HMRC about any unpaid tax on rents, and pay what they owe, including any penalties and interest due.

The campaign, launched on 19 September, is open to all residential property landlords, including those who lease out a single property, a large property portfolio, student or workforce rentals and holiday homes.

Marian Wilson, head of HMRC campaigns, said: "All rent from letting out a residential property or holiday home has to be declared for income tax purposes.

"We appreciate some people will have made honest mistakes, and some may not be fully aware that the rent from a property is taxable, and that is why it always makes sense to talk to us so we can help. It is always cheaper to come forward voluntarily and pay the tax you owe, rather than wait for HMRC to come calling."

HMRC will use information it holds about property rental in the UK and abroad, along with information already held on its digital intelligence system Connect, to identify people who have not paid what they owe. For those that fail to come forward, higher penalties – or even criminal prosecution – could follow.

Cable pledges crackdown on 'rogue' directors

Business Secretary Vince Cable has announced plans for reforms to make sure directors face "the strongest possible consequences" if they act improperly.

Dr Cable said on 16 September that he planned to introduce legislation, before the current Parliament ended, to bring in proposals including:

- strengthening rules to give investors and creditors the confidence that rogue directors will be banned from running companies
- helping creditors to receive compensation where they have suffered loss from a director's criminal or reckless behaviour
- ensuring that directors banned from running companies abroad cannot run British companies
- extending the investigation time allowed for complex cases of director misconduct
- introducing corporate behaviour training for banned directors who want to run a company again in the UK.

He said: "For too long, a small rotten core has got away with either a slap on the wrist, a ban from working in their own industry or at the most, a time-limited ban.

"Rogue directors' decisions affect the lives of the employees they are responsible for and the businesses they deal with. That is why I will beef up the laws to ban rogue directors from running British companies so dodgy directors face the strongest possible consequences for their irresponsible actions.

"Government recognises that taking risks is an important part of business, and the failure of a company does not indicate misconduct on the part of the directors.

"However, at the same time there is a lack of confidence in the regime for dealing with directors' misconduct through civil law, though where misconduct consists of criminal behaviour then criminal proceedings can be brought."

The changes would not be retrospective for previous business failures.

Shake-up on way for insolvency rules

Businesses and individuals affected by insolvency are set to benefit from moves to bring insolvency rules into the 21st century. In a consultation document published on 26 September, the Insolvency Service proposes streamlining 24 different rules and regulations and harmonising processes, such as meetings of creditors, which apply across different insolvency procedures, to make them more user-friendly. The proposals also include:

- reorganising the rules on more logical and clearer lines.
- improving consistency to make the rules easier to understand
- using plain English
- making it easier for documents to be delivered electronically.

The Insolvency Service's deputy chief executive Graham Horne said: "We want to modernise the insolvency rules so that they are easier to understand and apply. This consultation is a great opportunity for people who use the rules to help us ensure they are fit for modern needs."

The current rules have been in force since 1986 and provide a framework for the Insolvency Act 1986, setting out requirements for the majority of insolvency procedures.

The consultation, which closes on 24 January 2014, is aimed at insolvency practitioners, judges, lawyers and people involved in insolvency issues, such as creditors and debtors.

Businesses get guidance on first aid changes

The Health and Safety Executive (HSE) has published guidance to help businesses put in place appropriate arrangements following changes to first aid regulations.

Amended Health and Safety (First Aid) Regulations 1981 that took effect from 1 October 2013 remove the requirement for the HSE to approve first aid training and qualifications.

The HSE's Andy McGrory, who leads on first aid policy, said: "From October, HSE will no longer approve first aid training and qualifications. The guidance documents clarify what the law requires and provide practical help to businesses in assessing and understanding their first aid needs.

"Where a first aider is required, the guidance documents make it clear that the employer is free to select a training provider who is best suited to those needs."

The legal requirement for employers to ensure they make adequate provision for first aid, in accordance with their first aid needs assessment, remains unchanged.

Food exports on the menu

UK food and drink businesses are being urged to tap into a growing international market for their products and boost their turnover by up to 20 per cent.

A week-long, government-backed focus on the sector, which began on 23 September, included two webinars, one featuring successful British exporters Hawkshead Relish and Typhoo Tea sharing their experiences of international growth and providing advice to other businesses.

Meanwhile, the Open to Export website – which supports small and medium-sized enterprises (SMEs) seeking help in exporting from the UK – has added new content, including case studies, exporting guides and links to organisations that can help.

The initiative will be complemented later in the year by the launch of UK Trade & Investment's Food is GREAT campaign and the Food and Drink International Action Plan, the government's long-term export strategy for boosting the growth of the sector.

Melanie Leech, director general of the Food and Drink Federation said: "Our research shows that a proactive approach to exports brings high growth for SMEs. Exporting can go on to account for as much as one fifth of their turnover."

Food and drink is the UK's largest manufacturing sector, with a turnover of over £90 billion. In the last five years, UK food and drink exports have grown by 61 per cent.

However, only ten per cent of SMEs in the sector export, and then mainly to close European neighbours.

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