

# JMR Accounting Solutions

Professional Accounting, Bookkeeping and Tax Advisors

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## Newsletter March 2010

### Employee Holidays

The minimum holiday entitlement for full time employees is 28 days including bank holidays. For part time employees this entitlement is prorated.

### Mileage payments

The following rates are used to calculate the maximum amount that can be exempted from tax and NICs for business miles travelled in the employee's own vehicle.

- **Motor cars and vans**

First 10,000 business miles\*

40p per mile

Over 10,000 business miles

25p per mile

- **Motorcycles** 24p per mile

- **Cycles** 20p per mile

\* For NIC purposes, and irrespective of the number of business miles travelled, use the rate which applies to the first 10,000 business miles only

### Company Cars

#### - Advisory Fuel Rates

These rates apply to all journeys on or after 1 December 2009 until further notice.

Engine Size	Petrol	Diesel	LPG
1400cc or less	11p	11p	7p
1401cc to 2000cc	14p	11p	8p
Over 2000cc	20p	14p	12p

## Major changes to VAT

From 1 April 2010:

- VAT registered businesses with an annual turnover of £100,000 or more (exclusive of VAT); and
- all businesses newly registering for VAT (irrespective of turnover)

must file their VAT returns online and pay any VAT due using an approved electronic method.

Please see our VAT online fact sheet for full details

## Tax Year 2010-11

### Pay As You Earn (Paye)

#### Thresholds

The PAYE thresholds (the level of which tax becomes payable) are: - £124 weekly, £539 monthly

#### Rates

The tax rates are

Savings rate*	10%	£0 to £2,440
Basic rate	20%	up to £37,400
Higher rates	40%	over £37,401 to £150,000
	50%	over £150,001

From April 2010 a new rate of Income Tax of 50 per cent will apply to income over £150,000.

There is no change to the income tax allowances

\*There is a 10p starting rate for savings only. In an individual's non savings taxable income exceeds the starting rate limit, the 10p starting rate for savings will not be available for savings income.

### Emergency tax code

The emergency tax code is 647L, unchanged from 2009/2010

### Age restriction on statutory payments

Employees under 16 and over 65 are entitled to statutory payments provided they meet the normal qualifying conditions.

### SMP 2010/11

Statutory maternity pay is payable for a maximum of 39 weeks. The rates are :-

6 weeks at 90% of average weekly earnings

33 weeks at lessor of 90% of weekly earnings and £124.88

### SSP 2010/11

Statutory sick weekly pay rate is £79.15 for employees with average earnings £97.00 or more

### Minimum Wage

The current rates of minimum wage that applied from 1 October 2009 are:-

Age 22 & over

£5.80 per hour

Age 18 - 21 rate

£4.83 per hour

Youth rate

£3.57 per hour

# National Insurance Contributions 2010 - 11

From 6 April 2010

Class 1 (employed) Contracted in rates

Earnings per week	Employee	Employer
£0 - £110	0%	0%
£110.01 - £844	11%	12.8%
Over £844	1%	12.8%

See *Inland revenue website* for all other national insurance rates

## Payroll - Paying PAYE on time

From May 2010 you may have to pay a penalty if you do not pay the PAYE due each month, on time and in full to HM Revenue & Customs

### What if I do not pay on time?

HM Revenue & Customs will implement the late payment penalties for payments due from May 2010. From then on, you may have to pay penalties if you make more than one PAYE payment late. The new penalties will apply to all employers, including large employers (who are required to pay electronically)

### How will the new penalties work?

The penalties will be a percentage of the amount you pay late. They will start at 1 per cent and increase to 4 per cent depending on the number of late payments in a year.

There are also penalties of 5 per cent if any of the PAYE due is still not paid after six months; and again after twelve months.

You will not get a penalty if you have a reasonable excuse for being late or if you are only late once in a tax year (unless that payment is more than six months overdue).

To make sure you avoid penalties please pay the right amounts, by the deadlines.

### What if I can't pay what I owe you?

If you think you will have difficulty paying, contact HMRC Business Payment Support Service (BPSS) on 0845 302 1435 and they will arrange a payment plan

### What if I do not have anything to pay?

If you don't have anything to pay, you still have to notify HM Revenue & Customs by completing the form on-line at [www.hmrc.gov.uk/payinghmrc/paye-nil](http://www.hmrc.gov.uk/payinghmrc/paye-nil) or by sending signed payslip for the correct month or quarter marked 'NIL due',

Income Tax Allowances	2009-10	Change	2010-11
Personal allowance (age under 65)	£6,475	-	£6,475
Personal allowance (age 65-74)	£9,490	-	£9,490
Personal allowance (age 75 and over)	£9,640	-	£9,640
Married couple's allowance* (age 75 and over)	£6,965	-	£6,965
Married couple's allowance* - minimum amount	£2,670	-	£2,670
Income limit for age-related allowances	£22,900	-	£22,900
Blind person's allowance	£1,890	-	£1,890

\* Married couple's allowance is given at the rate of 10 per cent.

## Company House Penalties

Companies house issue penalties for late submission of accounts. For private company accounts that have not been filed by the deadline of 9 months after the companies year end are:-  
Within one month £150  
Between 1-3 months £375  
Between 3-6 months £750  
More than 6 months £1500

## Company House Forms

All forms submitted to Companies House need to be on the new forms which were available from 1st October 2009.

## National Insurance contributions from 2011

The government has announced that the employee, employer and self-employed rates of National Insurance contributions will increase by 0.5 % from April 2011 in addition to the 0.5% increase announced in 2008.

The level at which people start to pay NICs will increase in April 2011 by £570 above the level previously announced. Those paying the standard employee rate and earning under £20,000 will pay less NICs overall as a result of these changes.

## Accountancy queries

If you have any accountancy queries do not hesitate to contact our office  
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