



## ADDING VALUE THROUGH THE PLUS FACTOR

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### HMRC's new disclosure opportunity - "open to anyone"

Following on from various other disclosure facilities, HMRC has announced details of a new disclosure opportunity: the Plumber's Tax Safe Plan ("PTSP").

The PTSP has been introduced as a tax disclosure facility for those in the plumbing and heating industry who have not declared all their income, and who want to put this right.

**Whilst this facility is clearly targeted at those in the plumbing industry, the facility appears to be effectively open to anyone with a UK income tax liability who wishes to make a voluntary disclosure.**

Those disclosing under the PTSP need to self-assess all underpaid tax, National Insurance, interest and penalties. Once HMRC accept the disclosure, a very favourable penalty rate will apply. Notification to disclose must be made by 31 May 2011, and full disclosure, plus payment, is required by 31 August 2011.

The key features of this opportunity are:

|                  | Number of years | Penalty Level |
|------------------|-----------------|---------------|
| Genuine mistake  | 4               | 0             |
| Careless error   | 6               | 10%           |
| Deliberate error | 20              | 20%           |

Those who do not take this opportunity to disclose and are subsequently found out to have been deliberately evading tax could face:

- Increased penalty levels of 30% - 100%
- Increased risk of criminal prosecution
- Being more closely monitored by HMRC for 2-5 years
- Having their name published on HMRC's website

The message is therefore clear; if appropriate make a voluntary disclosure before HMRC come knocking .....

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## HMRC pilot business record checks

Businesses have now started receiving letters advising that record checks will be taking place under HMRC's new scheme.

According to HMRC sources the letters that have been sent out are part of a "test and learn" pilot scheme currently taking place. "No penalties will be charged as a result of these visits unless something is seriously, seriously wrong," said a spokeswoman.

Around 30 officers are working on the pilot, meaning up to 1,800 "test and learn" visits may take place before the record checks begin in earnest in July. Businesses located in Scotland do appear to be receiving these letters.

No specific business sectors appear to be targeted, but they are no doubt being risk assessed on issues such as late or outstanding returns, and where returns include round sum amounts.

HMRC is trying to reassure businesses that the checks are about keeping better records. However, the speed with which the pilot has been launched adds to the perception that "it's all about the collection of money".

HMRC officials agreed to clarify the basis of any check visits, but advice should be sought if you receive any letter in this regard.

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## Changes to penalties for late filing of tax returns for 2010/11 onwards

New penalties will apply from April 2011 if you do not file your tax return on time. The new penalty scheme is harsher than the old regime. The key aspects are shown below:

- + one day late: £100 penalty.
- + three months late: automatic penalty of £10 per day up to a maximum of £900.
- + six months late: a further penalty of £300 or 5% of the tax due, whichever is the greater.
- + twelve months late: a further £300 or 5% of the tax due, whichever is the greater although in more serious cases HMRC may charge up to 100% of the tax due.

Unlike previous years these penalties are not reduced when the tax has been paid on time or there is no tax liability. Please be aware that these penalties also apply to each partner in a partnership.

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## Is your 2011/12 code number correct?

HMRC are no longer issuing copies of PAYE coding notices to agents. In view of the numerous errors seen recently in coding notices, copies of these should be forwarded to your advisor, particularly if you are in any doubt as to the accuracy of any of the entries on your coding notice. You may pay too little or too much tax at source if this goes unchecked.



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