

Keep calm and carry on

They notoriously say that “a week is a long time in politics”, but that seems a bit slow for the pace of change in tax at present! First the top rate of tax was going to be abolished, now it isn't, and who knows what else will have changed by the time you read this.

Two things to bear in mind. First of all, income tax is charged on the profits of a **year** whereas National Insurance is charged on the pay figures for a **week**. That is why it was possible for the Chancellor to announce a change to NI rates from November but the announcements for tax were for changes to be introduced next April. (Imagine trying to work out profits for a year when there were two rates of income tax, with all the attendant issues of arguing with HMRC about the allocation of profits to the higher and lower taxed periods...) The advice I gave in the newsletter special edition, about talking to your software provider and your payroll department about readiness for a change to NI rates in November, still holds good, at least at the time of writing.

But the second thing to bear in mind is the lesson we should all have learned this week: the Chancellor can make any announcement he likes, but the changes we have to apply are those which are passed into law by parliament. I suspect the Chancellor realised he couldn't get the abolition of the higher rate through the Commons. The Commons aren't back in session as I write this, so there's nothing definitive as yet. Keep calm and carry on: but be ready for the NI change when (and if) it comes in November.

Deadline dates

Don't forget that it is up to you to tell HMRC if you have income tax or capital gains tax liabilities. You have to tell HMRC you need to be taxed by registering for Self-Assessment if you aren't already registered - it's not up to HMRC to issue you with a tax return (although of course there is then a legal requirement for you to fill it in if they do). The deadline to tell HMRC about income or gains you might have made in 2021-22 that they don't know about is 5th October 2022 if you are to avoid penalties.

If you are still putting in paper tax returns you also need to take note that the deadline for making a paper return for 2021-22 is 31st October – you only get till the end of January if you're signed up to make an online return.

Capital gains tax has its own wrinkle where, if you have disposed of a UK residential property which results in a CGT liability (say a second home or a buy to let), you have to make a separate return via HMRC's free-standing “CGT for property reporting service” within 60 days of the disposal **and** include the gain in your SA return. This has thrown up a number of processing issues and I would advise anyone in these circumstances to take professional advice as soon as possible.

It has been reported that HMRC have started sending letters to people who have sold, or started to advertise for sale, properties that might be in scope – you can see a copy of the letter [here](#), but I would not rely on receiving one.

September 2022 advisory fuel rates

The rates per mile are:

Engine size	Petrol	Diesel	LPG	Electric* <small>*Fully electric cars only</small>
1,400cc or less	15p		9p	5p
1,600cc or less		14p		5p
1,401cc - 2,000cc	18p		11p	5p
1,601cc - 2,000cc		17p		5p
Over 2,000cc	27p	22p	17p	5p

The advisory electricity rate for fully electric cars is 5 pence per mile. Hybrid cars are treated as either petrol or diesel cars for advisory fuel rates.

It was previously said that you could pay more than these rates without having to account for tax and NI if you could show that you were only reimbursing the actual costs: this has now been corrected in a [written Parliamentary statement](#). These are the maximum amounts you can pay without accounting for tax.

If you supply your staff with fully electric cars and have workplace charging stations there is no tax due on the cost of charging them. There's a useful HMRC quiz on how electric charging works [here](#).

Apprenticeship Levy

If your PAYE bill is more than £3million you will be familiar with the Apprenticeship Levy, which applies at this level (this is not the same thing as the, separate, Construction Industry Training Board Levy.) The HMRC instructions are nice and clear for once and can be found [here](#).

The reason I'm reminding you about it now

is that HMRC have updated their instructions to clarify that payments under the off-payroll working rules (IR35) are included. Whether the abolition of the 2021 changes to the off-payroll working rules announced in the Plan for Growth will (a) be passed by Parliament and (b) lead to another update of these rules? We shall no doubt find out in due course but, again, keep an eye on this if you're close to the £3m threshold.

Just for fun

In August HMRC published [this advice](#) for workers on how to spot a tax avoiding umbrella company.