

eNews

05 APRIL 2022

Welcome to haysmacintyre's regular 'e-news alert' for corporates and private individuals.

Spring Statement

On 23 March 2022 the Chancellor of the Exchequer presented his Spring Statement. As expected, there was no cancellation of the increase in National Insurance rates but an increase in the threshold at which it becomes payable and a cut in fuel duty was announced. A reduction in the basic rate of income tax to 19% was also announced from April 2024, although this will not necessarily apply in Scotland where rate setting is devolved to the Scottish Government. [haysmacintyre produced a summary of the Statement](#). Please contact your usual haysmacintyre advisor, or [Katharine Arthur](#), Head of Private Client, if you have any queries.



Interest rate on late tax payments increased

Following the recent 0.25% increase in bank rate, HMRC has [announced that the late payment interest rate](#) will increase today, 5 April 2022, to 3.25%. The repayment interest rate remains at 0.5%. The repayment rate is set at bank rate minus 1%, with a 0.5% lower limit.

Former footballer found to be offside on tax

A First Tier Tribunal (FTT) tax case concerning former Scottish footballer, Neil McCann, has determined that he was an employee of Sky and payments made to his company were subject to income tax. McCann argued he was free to decide whether to accept an appearance, could respond on air how he liked and the contract stated that there was no employment agreement and no wish to create mutuality of obligations. However, the FTT decided that Sky exercised sufficient control and McCann could not be regarded as being in business on his own account. Please contact our [Employment Tax team](#) for assistance with IR35 matters.



VAT rate increases for hospitality

Despite [representations from the hospitality sector](#), last Friday saw the VAT rate for hospitality, hotel and holiday accommodation sectors return to 20% from 12.5%, following its temporary reduction as a result of the Government's COVID-19 support to the sector. Please contact [Kamlesh Chauhan](#), Senior VAT Manager, if you have any queries in relation to VAT.

Likely increase in IR35 compliance activity

The [Government announced in the recent Spring Statement](#) that it will invest £161 million in additional staff resource over the next five years to increase HMRC compliance and debt management with more than £3 billion expected to be raised. Given the ending of the soft landing in April, HMRC is likely to focus more on IR35 compliance in the private sector and general employment status/compliance reviews. A more aggressive approach to compliance will therefore be evident. If you have questions or need assistance, please contact our [Employment Tax team](#).



Legal arbitration for COVID-19 rent disputes

The Government has [established an arbitration system](#) to help resolve outstanding commercial rent debts with the ending of the general moratorium on commercial evictions during COVID-19. From 25 March 2022 a legally binding arbitration process exists for eligible commercial landlords and tenants who have been unable to reach agreement on outstanding commercial rent debts related to the pandemic. The arbitration system is seen as a last resort to resolve differences and will only consider rent arrears from March 2020 until the date restrictions ended for the relevant sector.

Tax relief for home working

Employees who worked from home due to COVID-19, but whose employers did not reimburse them £6.00 per week for the costs incurred, can apply to HMRC for tax relief through the HMRC online portal. For a basic rate taxpayer this is worth up to £124.80 for the last two tax years. However, taxpayers who complete a Self-Assessment Tax Return (SATR) will need to claim the relief through their SATR. HMRC has confirmed the relief will remain until 5 April 2023. Please contact our [Employment Tax team](#) for assistance and advice.



Mandatory climate related reporting commences

Large companies and financial institutions will be required to make certain climate related disclosures for accounting periods starting on or after 6 April 2022 in their annual report. The disclosures include describing: the governance and management arrangements regarding climate related risks and opportunities; the risks and opportunities; the actual and potential impact of the risks and opportunities on the business model and strategy; and the targets and KPIs used to manage the risks and opportunities. The [Government has recently published non-binding guidance on applying the requirements](#). Similar legislation was agreed to be adopted by all G20 countries at last year's COP26 summit.

Licences subject to tax checks

From 4 April 2022 [applicants renewing licences](#) as taxi drivers, private hire drivers, private hire vehicle operators, scrap metal sites or scrap metal collectors will need to complete a tax check. The tax check will confirm the applicant is registered for tax and will provide a code which will need to accompany the application. A tax check will not be required if the applicant has not held the licence type before or held a similar licence which expired more than a year ago.



And finally... MPs not confident over tax debt

MPs on the [Public Accounts Committee \(PAC\)](#) have [expressed concern](#) over HMRC's ability to reduce the tax debt which stands at £39 billion compared to £16 billion prior to COVID-19, with 6.2 million taxpayers being in debt in September 2021. With the average repayment plan now being 14 months long, debts will be carried forward to the next tax year and the PAC is concerned that the longer the tax remains outstanding the greater the risk of default. The PAC urges HMRC to have better understanding of taxpayers' ability to pay and to consider the appropriate use of private debt collectors.

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