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Businesses will require software for digital tax accounts

Businesses will need to submit their tax and financial information quarterly using software that's compatible with HMRC's systems.

In a letter to financial secretary to the Treasury David Gauke, Andrew Tyrie, chairman of the Treasury Select Committee, said that submitting records in a "prescribed digital format" would bring a financial burden to small firms that currently don't have accounting software or use computers.

In his reply David Gauke said:

"HMRC will ensure that compatible software products are available to suit the budgets and needs of all businesses, including some free products for those small businesses with the simplest affairs."

Managing digital accounts

More than 50 million individuals and small businesses will have access to a digital tax account by 2020 – removing the need to complete an annual tax return.

HMRC aims for all taxpayers to submit their taxes and manage their digital account as part of their day-to-day routine.

Taxpayers can access their accounts at any time during the year. They can use their accounts to do the following:

- check income tax and tax code
- update company details
- track/submit forms online
- check/manage benefits affecting tax.

We can advise you on transitioning to a digital account.

Second payment on account reminder

The deadline for the second payment on account for tax paid through self-assessment is 31 July 2016.

Payment is required if the tax bill is more than £1,000, unless you've already paid more than 80% of all tax you owe.

2 payments are due each year – on 31 January and 31 July. Each payment is half of the previous year's tax bill.

People who are already registered for self-assessment with HMRC can check their payments on account via your online account. This will show any payments on account already made and any payments owed.

There are several ways to complete the payment on account:

- debit or credit card
- post
- telephone
- online banking.

Interest charges

Missing the deadline or failing to make a payment will result in interest from the date the payment is due.

The current rate for late payment is 3.0%.

The interest rate will vary so it is important to check the current rates payable on the HMRC website.

Talk to a member of our team about self-assessment today.

Steady income as highly valued as salary

The majority of employees value a steady income as much as the amount of money they receive.

A survey by Citizens Advice asked 2,067 people what they valued most from their employment:

- level of pay (93%)
- reliability of income (92%)
- opportunities for experience (84%)
- being passionate about what they do (82%)
- progression opportunities (74%).

83% said that a steady job with regular pay (as opposed to shift work or zero hour contracts) increases productivity and 86% thought it increased employee loyalty.

Gillian Guy, chief executive of Citizens Advice, said that income security is the "overlooked piece of the labour market puzzle":

"Having a steady, reliable income is fundamental to how secure people feel and is key if the government wants to achieve its ambition of a high wage, low welfare economy.

"Offering people a secure income is also in the interest of employers, as it boosts morale and productivity."

Employee stress and productivity

Employee financial worries can have substantial effects on productivity. A report into financial wellbeing by Neyber found that:

- 70% waste around 20% of their time at work worrying about their finances
- 17.5 million hours were lost due to financial stress related absence
- 55% agreed that financial pressure affects their ability to do their job.

Get in touch to talk about your business today.

Workers not planning for retirement

A third of workers globally do not have a retirement plan, according to research by Aegon.

The survey of 14,400 employees and 1,600 retired people across 15 countries found that providing workers with access to workplace pension plans is a significant factor in ensuring that they are saving for their retirement.

41% of those surveyed have a retirement plan with employer contributions while 65% of workers found the idea of auto-enrolment appealing.

Further findings show:

- 38% of workers globally don't have a retirement plan
- 42% of women do not have a retirement plan.

The study found that many individuals are looking for advice when it comes to retirement planning. Many turn to family and friends for advice rather than professionals.

The role of the state

Across all the countries surveyed, workers expected to receive 46% of their retirement income from a government retirement scheme.

In the UK workers are eligible for the new state pension if they were born on or after 6 April 1951 (men) or 1953 (women).

As of 6 April 2016, the new state pension amount is £155.65 per week. Workers will usually need at least 10 qualifying years to receive any new state pension.

People who reached state pension age before 6 April 2016 will continue to receive their pension under the old rules.

Contact us to talk about retirement planning.

EU Referendum

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