

tlp - news

May 2015

The monthly newsletter of The Long Partnership - www.thelongpartnership.co.uk

Kashflow

- ⇒ Easy to use
- ⇒ Easy to access
- ⇒ Easy on the pocket.

Online bookkeeping that can be easily accessed by you or your accountant any time you want.

Don't just tell them, show them online in real time.

Quotes

"Losing is a learning experience. It teaches you humility. It teaches you to work harder. It's also a powerful motivator."

-- Yogi Berra

"Ninety-nine percent of failures come from people who have the habit of making excuses."

-- George Washington Carver, botanist

"The two most powerful warriors are patience and time."

-- Leo Tolstoy, Author

"We must take change by the hand or rest assuredly, change will take us by the throat."

-- Winston Churchill, Former British prime minister

"When the solution is simple, God is answering."

-- Albert Einstein, Theoretical Physicist

"It takes the hammer of persistence to drive the nail of success."

-- John Mason, Writer

Summer must have arrived. As I drove up the A9 between our offices in Inverness and Thurso, I stopped for an ice cream in Brora. Now, if you are familiar with the road, you will know of **Capaldis** (now Harry Gows), a must have ice cream stop for very many years. Its right on the main road with car parking. The temptation was too much. Would I have stopped if the parking was not so handy? Probably not, it was not that warm. However, I have a sneaking suspicion that there may be a few ice creams bought in Brora this summer. It's just too easy!

By the way, if anyone wants some steady ice cream business, how about setting up something for the businesses in Shore Street in Inverness. Coincidentally that is where our office is located and getting ice creams and fresh milk is a real pain. You can deliver, we do not mind, but it needs to be nice ice cream!

It's funny to think that summer seems to have only just arrived and yet it is less than a month till the longest day when the days will start to shorten and we start the countdown to 31 January 2016. I know, you count down to Xmas; we're accountants.

I read a survey recently that suggested that less than 20% of accountants are embracing the new technology which, as in many other sectors, is moving at an ever increasing pace.

I would say that when it comes to technology, I think we are right up there as anyone dealing with us will be able to testify, especially this year. We have had a few years of emailing documents to clients and others but that has its problems.

However, we are now offering all our clients the chance to **register on our cloud based client area** where we can **securely upload documents** for you to log in and read and even approve electronically. You can also upload documents for us to access for your tax return, accounts or anything else. Much more secure and less prone to errors or mistakes and certainly no problems with spam filters stopping emails.

We are also now supplying cloud based accounting software that is easy to access, easy to use and very easy on the pocket.

It has some amazing features like the ability to **download all your bank transactions** direct from your business bank account, so cutting out all that manual input. And, that's not all, there are many other time saving features.

So, I am making the case for us being in the top 20% (and probably the top 10%) of practices in the UK, when it comes to embracing technology.

We are also heading for being paperless with all our documents as well as accounting and tax records compiled and stored electronically. We are doing our bit for the forests!

We know of many other businesses who have largely cut out paper from their systems. **So, why is a business in Invergordon doing so well. They store paper files!** Who needs paper storage these days? Is it not a thing of the past?

But, think about it. All these paperless businesses no longer think in terms of storing paper of any description. But, they still need to keep accounting and other records for up to 6 years, but where? A right royal nuisance!

This is where **Filevault** seems to have scored. Clever eh! But then again it is headed up by Ewan Calder, a Chartered Accountant, with a clear understanding of the pain points for progressive businesses. **Simple, effective, and easy.** Just like my ice cream in Brora. There is nothing new in business. You just have to analyse and understand your market.

Can you make your customers life easier with a simple effective solution. Can you ease their pain or fulfil a want, simply and effectively.

This month we have devoted our newsletter to Auto-enrolment. It will potentially impact on every business even if your only employee is your spouse and you don't deduct tax. Ouch!

If you haven't considered the impact on your business, don't delay. There are **nasty fines for non compliance.** Speak to your IFA or come and speak to us.

Automatic enrolment

The main steps

- Know when you need to be ready
- Provide a point of contact
- Develop your initial plans
- Find out who to enrol
- Choose your software and check records
- Choose a pension scheme
- Automatically enrol your staff
- Tell your staff
- Complete your declaration of compliance (registration)
- Maintain records
- Fulfil ongoing responsibilities

Special cases - Carers

If you employ your personal assistant directly, you will only need to automatically enrol them if they meet certain criteria, which are based on their age and how much you pay them.

If your carer is provided by an agency, and it pays your personal assistant's national insurance contributions, the agency is the employer and you don't need to do anything.

You'll need to work out whether your personal assistant needs to be enrolled. **If they are age 22 or over (and under state pension age), and you pay them over £192 a week or £833 a month, you'll need to provide a pension for them.**

AE and RTI - Barriers to Employment

Automatic enrolment will be 'business as usual', just like real-time PAYE or filing your employer return with HMRC.

However, we are already seeing it act as a barrier to employment. No doubt the effect of this will reduce over time but it will make new businesses who do not have any employees, reluctant to take on staff, especially part-time, because of the administrative burden, responsibility and cost.

Automatic enrolment and you

The law on workplace pensions has changed. All employers are legally required to automatically enrol certain staff into a pension scheme and make contributions. You will also have to tell your staff about the scheme you put them in and allow other staff to join if they request to do so. The Pensions Regulator is the UK regulator of work-based pension schemes.

We have set out below in summary form, information and guidance sourced from The Pension Regulator and others to help you comply with the law. Having read this, you should consider whether you need more specialised assistance.

<<< First steps >>>

Know when you need to be ready

You must be ready to start enrolling staff from your staging date. **You may already have received a letter** from The Pension Regulator advising your Staging Date. This is worked out based upon the number of employees you have registered and your PAYE reference. Some larger businesses have already passed their staging date and it is now the turn of smaller businesses.

If you don't have a copy of the Pension Regulator's letter, you can find out your staging date by entering your PAYE reference into the tool on:

www.tpr.gov.uk/staging-date

Provide a point of contact

There are several things that you need to do to be ready for automatic enrolment. Nominate someone to receive email updates and other information from the Pension Regulator. You can do this online at:

www.tpr.gov.uk/nominate-contact

Develop your initial plans

You might want to involve your IFA at this stage. You may need up to a year prior to your staging date to get everything organised, so you should start making plans in good time. Don't leave it until the last minute. If you do, it could be more costly and complex and there are penalties for getting it wrong or being late.

There may be other costs to consider, such as setting up your scheme, getting the right software to manage automatic enrolment and any independent advice you might decide to take.

Remember that you will need to pay a regular contribution into the pensions of your eligible staff, keep track of the deductions and make payments to your chosen pension scheme provider.

<<< Before staging >>>

Find out who to enrol

You will have to assess all your staff for eligibility but you may not have to automatically enrol all of them. The table below outlines your duties depending on the salary of your staff member.

Monthly earnings	Age		
	From 16 to 21	From 22 to SPA*	From SPA to 74
£486 and below	Has a right to join a pension scheme		
Over £486 up to £833	Has a right to opt in		
Over £833	Has a right to opt in	Automatically enrol	Has a right to opt in

Choose your software and check records

Payroll software which is specifically tailored to automatic enrolment will help you keep track of the ages and earnings of all your staff and will tell you what you need to do for each of them. If you run your own payroll, you may already know whether this is built in.

If RTI and Auto enrolment are giving you PAYE nightmares, we can do your payroll, make all your RTI submissions and keep track of your auto enrolment data. You can relax!

Choose a pension scheme

If you have an existing scheme for your workforce (perhaps called a 'stakeholder scheme') you should check with your pension provider to see if you can use it for automatic enrolment.

If you need to open a new scheme, make sure you approach a pension provider in good time because they will be taking on thousands of employers in the coming months. Don't leave it too late.

The Government has set up a pension scheme called the National Employment Savings Trust (NEST) to accept all employers wishing to use the scheme for automatic enrolment. This is one option, and there are other providers available.

It's important that the scheme you choose is well-run and offers good value for money for you and your staff. The Pension Regulator's website has information to help you choose a pension scheme.

<<< At staging and beyond >>>

Automatically enrol your staff

At your staging date you will need to identify which members of staff to automatically enrol and which will have a right to join your pension scheme on request. Payroll software will help you with this.

By this point you will already know what information your scheme provider wants from you, so make sure you send this to them promptly.

Make sure you pay the contributions across to the pension scheme before the deadline your provider has given you.

Tell your staff

After your staging date, you must write to your staff about how automatic enrolment affects them. The Pension Regulator has template letters that you can use for this on their website. See www.tpr.gov.uk/writing. Alternatively, your pension provider may provide you with relevant templates.

Complete your declaration of compliance (registration)

You must complete your declaration of compliance when you've automatically enrolled your members of staff. This confirms to The Pension Regulator that you have fulfilled your legal duties. Virtually everyone will need to complete this stage, even if the only employee is your spouse.

You may find it helpful to track your progress by starting your declaration early. It must be completed in the five months from your staging date.

The Pension Regulator has a checklist of the information you'll need to provide, found at www.tpr.gov.uk/declaration

Maintain records

As with real-time PAYE, you must keep records of your automatic enrolment activities. This will include the information you sent to your pension provider, and copies of any opt-out requests you receive.

Fulfil ongoing responsibilities

For automatic enrolment there are minimum contributions you must pay in order to comply with your duties. These are a percentage of earnings and are shown in the table below.

Your staff will also have to pay pension contributions, so you will need to make sure you deduct and pay the right amounts to the scheme and, on time.

Date	Employer minimum contribution	Total minimum contribution*
Before 30/09/17	1%	2%
01/10/17-30/09/18	2%	5%
01/10/18 onwards	3%	8%

* Employer and employee

I would say, read this and panic!

If you have not really considered the implications of auto enrolment or think you are too small to need to bother, think again. The following is based upon an article posted to Accountingweb by David White of Creative Auto Enrolment where he explains the top auto enrolment hurdles accountants and their clients should watch out for, and avoid. It will give you an idea of the scope of the new rules.

Beware the auto enrolment pain points

The recent auto enrolment compliance bulletin from The Pensions Regulator (TPR) was a stark reminder of how auto enrolment is still proving tricky for businesses.

The number of firms that have faced **fixed penalty notices** for non-compliance has **rocketed from just three to 367** in the last six months alone. And with this year marking the first staging dates for the nation's army of 1.2 million small businesses, these numbers look set to rise further still.

These businesses will be turning to their advisers for help, with research by TPR showing that eight in 10 SME employers have consulted, or plan to consult, a business adviser for assistance. What are the main challenges that are likely to lie ahead?

SME minefield

SMEs (that's you) come in all shapes and sizes, and this will create a minefield of challenges for all advisers. Businesses with no employees (i.e. one-man bands) do not have auto enrolment responsibilities – but they will do when they make their first hire. Some freelance staff and those on paid leave must still be assessed and potentially enrolled in to a pension scheme.

Those firms that employ **low-paid staff** who aren't eligible for auto enrolment must still have a pension scheme in place so that these workers can opt-in to join the scheme. Unless both are directors, **husband and wife teams** are required to assess workers (i.e. themselves) and make a pension scheme available, even if neither plans to pay into it. These will be the hurdles at which many businesses will fall.

Declaring compliance

Even if a business doesn't have any employees and has no-one to auto enroll, it **must still complete the declaration of compliance**, to confirm that the firm has complied with its duties.

It's therefore important to understand how to complete the declaration, and factor time in to do so – or you may face non-compliance notices and the associated fines.

Payroll nightmare

Ensuring that pension contributions are made without error is obviously a key part of the auto enrolment process, but it's also a key time when things can go wrong. Pension providers are likely to need data delivered to them in many different formats so if you need to transmit information to more than one, or you change, pension provider, there is a risk of error.

Small businesses will be staging over the next three years. *A recent survey of over 500 small businesses staging over the next three years showed that 11% don't know what auto enrolment is and almost one in five (19%) will leave auto enrolment until the last minute due to other priorities. This is a mistake!*

You are at risk of potentially hefty fines if you get auto enrolment wrong. Speak to us or to your IFA. Don't leave it to the last minute because the administration is longwinded and takes time.

You can't relax. The nightmare continues ...

Even when you have overcome all of the hurdles and successfully auto enrolled your staff, **you cannot afford to relax**. You'll need to **check every payday** to see whether any of your members of staff who weren't automatically enrolled are now entitled to be put into the pension scheme (for example if **they have reached their 22nd birthday**).

After you have automatically enrolled your staff members, they may ask to 'opt out' of the pension scheme. You must then stop deductions of contributions and arrange a refund of any contributions they have paid to date.

Staff who have not been automatically enrolled may ask to join the scheme. If you receive such a request, your software should help you process this.

Can we help?

At The Long Partnership we have been preparing payrolls and helping small businesses through the PAYE minefield for many years. We dream about PAYE. We love doing it.

Calculations, pay slips, RTI and now auto enrolment are all grist to our mill. We can help you avoid the fines for non-compliance and the embarrassment of getting things not quite right. Your staff (and HMRC / TPR) will be watching!

If you would like a competitive quote for your payroll services, give us a call today. Relax!
