

“Protect your contractors from tax avoidance”

HMRC wants you to draw the attention of any subcontractors working for you via an umbrella company to their “[Don’t get caught out](#)” campaign on how to recognise potential tax avoidance in umbrella companies. Given that they also want you to do due diligence on any umbrella company you are using, I am not quite sure of the thinking behind this but I pass it on as requested.

Pool Cars Tax Case

HMRC agreed in 1993 that a company had a number of pool cars, used for business by several different employees and kept overnight at company premises. However 25 years later HMRC decided the cars did not, in fact, qualify as pool cars and issued a determination for substantial retrospective class 1 NICs. The courts considered the company argument that (a) they were pool cars and (b) even if they were not, HMRC could not go back on the agreement but only forward. The company lost: the tribunal found as a fact that they were not pool cars, and that the purported agreement could not override the statutory provisions. If you would like to read the judgement it can be [found here](#). And if you want to check your own car pool follows the rules, this is a [good place to start](#).

Continued overleaf

Tax refunds

HMRC no longer pays tax refunds automatically by cheque: you have to claim. If you have employees who have been told they are due a repayment you might want to draw their attention to [how to claim](#).

Capital Allowances Guidance

It was announced in the Budget that there will be a new 40% First Year Allowance for plant and machinery, for expenditure incurred after the first of January this year. HMRC have updated their guidance on how this will work: you can [read it here](#).

Payrolling Benefits In Kind

Just a reminder that the mandatory payrolling of benefits in kind has been postponed from the original implementation date of April 2026 to next year, April 2027. You can read about the changes [here](#) and of course you can still begin the process voluntarily before the mandatory deadline. There is detailed [interim guidance here](#).

Basic PAYE tools

There will be an [update](#) to the Basic PAYE tools, the free software from HMRC for employers with fewer than 10 employees, at the end of March. You will need to use the new version from April.

Employers:

- [Umbrella companies](#). From 6 April 2026, end users can become responsible for the deduction of tax and NICs if there is a compliance problem in the labour supply chain.
- National minimum/living wage increases: the [new rates are here](#).
- Small businesses can be [reimbursed for statutory maternity pay](#) and other similar payments at 108.5% rather than 92% if their Class 1 NICs bill is less than £45000. The accountancies bodies have been told this will rise to 109% in 2026/7 but as yet I cannot find a more public announcement.
- There is a new [Plan 5 Student Loan](#)
- There are new thresholds for [Enterprise Management Incentive Schemes](#):
 - company options - £3 million becomes £6 million
 - gross assets - £30 million becomes £120 million
 - the number of employees - 250 employees becomes 500 employees

Employees:

- Employees working from home will [lose the ability](#) to claim a flat rate £6 a week (for expenses like extra heating, telephone bills etc)
- Employees who receive “[low value benefits in kind](#)” (like flu vaccinations, eye tests, home working equipment) via their employer can be reimbursed by their employer rather than the employer having to provide them directly if they want it to be tax free.

State pension age

From 6 April there is a phased increase to the State Pension Age from 66 to 67. [Check here](#) for the changes you need to make to your payroll to capture the correct National Insurance letter for the relevant staff.

Agency workers

As you know, the government has legislated to prevent the compliance issues they have identified in umbrella companies. Now, under the heading of “Making Work Pay” the government is looking at the issue of temporary and agency work from the other side, from the view of the worker, with a consultation on modernising the agency work regulatory framework. If you are, or employ, agency workers you should look at [the consultation here](#) and put forward your views. You have until May 1st.

Self Assessment

Were you one of the [11.8 million people](#) who sent in their tax return before the 31 January deadline? (Were you, like me, one of the 475,722 people who completed it on the last day?) If you weren't, don't panic: there are penalties for late submission and late payment, but if you get on with it you can keep them to a manageable amount. Unfortunately just ignoring it and hoping it will go away doesn't actually work. If you earned more than £50,000 outside of PAYE I urge you to look up Making Tax Digital and ensure that, if you are in scope, you are ready to get started.

If you have any feedback or queries relating to any of the items in JTC Newsline contact Wendy Bradley at jtcnewsline@pobox.com