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Expenses and benefits deadline looms

Expenses and benefits not payrollled for the 2016/17 tax year will need to be reported to HMRC by 6 July 2017.

Employers can report them by completing specific forms, which are available to download on the HMRC website.

There are two forms to complete – **P11D** and **P11D(b)**.

What to do

You need to fill out a P11D form to report any end-of-year expenses and benefits you have given to your employees or directors within your business.

Form P11D(b) is separate and must be completed to report the amount of class 1A national insurance contributions (NIC) due on benefits.

Completing your details

When completing your forms, use the following format:

- use Arial font size 11 (when printed)
- sort by employee, not benefit type
- include your employer reference
- include an employee's name and national insurance number
- put an employee's expenses and benefits on the same line
- include P11D letter codes next to each benefit.

You're required to fill out a P11D(b) if you're liable to return any expenses payments or benefits on your P11D form.

Payrolling benefits

You don't need to submit a P11D when putting benefits and expenses through payroll, although you are still required to complete a P11D(b) on how much class 1A NIC is owed.

Once ready, explain to your employees what expenses or benefits you will be payrollling.

Talk to us today about your reporting obligations.

Employers back employment law rights

Employers are in support of the current employment law rights as negotiations to leave the European Union continue.

The CIPD asked 500 employers about the 28 areas of employment law and found the majority thought all areas were necessary.

Legislation deemed important included:

- unfair dismissal laws (93%)
- the national minimum wage (87%)
- parental rights at work (82%)
- agency worker laws (75%)
- working time regulations (74%).

While regulations were considered necessary, employers thought some regulations were poorly drafted or difficult to apply.

For example, agency worker laws were valued by 75% of businesses but only 36% thought they were well drafted or easy to apply.

When asked which areas should be the focus of future legislation, wellbeing (36%) and technology (30%) came out on top.

When looking at the wider context of employment laws and practices, CIPD found:

- 52% go beyond the legal minimum requirements when implementing employment law
- 69% agree employment law improves the quality of employees' working lives

- 34% want the existing level of tribunal fees maintained
- 15% want tribunal fees abolished.

Rachel Suff, employment adviser at the CIPD, said:

“As we debate the future of employment regulation, both in the general election and in Brexit negotiations, it is vital we don’t throw the baby out with the bathwater by making sweeping changes to employment legislation that businesses may not want.”

Talk to us about your Brexit concerns.

Firms plan to offset rising costs

More than half of businesses are planning to offset rising prices, according to a study by ICAEW.

53% of firms have seen input prices increase over the past year but less than half are willing to absorb the costs.

Businesses cited the following reasons for rising prices:

- rise in raw materials (35%)
- cost of services (29%)
- other reasons, such as the price of labour and changes to exchange rates (30%).

More than half (54%) are planning to offset input prices in the next 12 months. Those planning to offset rising prices intend to do so by:

- increasing prices (82%)
- finding cheaper suppliers (48%)
- revising product specifications (31%)
- reducing headcount (27%)
- planning investment (14%).

Stephen Ibbotson, director of business at ICAEW, said:

“Businesses are facing pressure from the fall in sterling and rise in commodity prices which together have driven up prices. Whilst many have sought to protect customers from those rises by absorbing the costs that is no longer sustainable.”

Pricing your products

Most businesses are planning to increase the prices they charge customers in order to absorb costs.

If you’re looking to increase the price of your products or services, it’s important to find a balance between quality and profit margins.

Some things to keep in mind when managing costs:

- the market – know how much customers will pay and competitor charges
- pricing strategy – what’s the most suitable strategy for your product, i.e. cost-plus or value-based?
- internal/external costs – working out direct costs, variable costs, fixed costs.

Contact us today to discuss your business planning.

Staff fear working beyond 65

The number of employees who think they will work beyond the age of 65 is at a record high, according to research by Canada Life Group.

Out of 1,000 workers surveyed, 73% are expecting to work past the age of 65 – up from 67% in 2016.

37% who intend to work beyond 65 said they could be older than 70 before they retire, while 10% expect to be at least 85 years old when they fully retire.

Almost all younger workers agree they will be working past the age of 65, with 84% of 25 to 34-year-old employees resigned to that prospect.

Further findings:

- 36% fear their pension will not be sufficient so they need to continue earning
- 31% said they will work past the age of 65 due to low interest on savings.

Paul Avis, marketing director of Canada Life Group, said:

“As inflation continues to rise, eating into the purchasing power of UK savings, this problem will only become more pronounced.

“Insufficient pension savings are another key cause, with recent reforms prompting many to realise they will need to continue earning for longer to fund a decent retirement.”

Challenges for older workers

When asked about their biggest challenges, 57% said health issues will impact their ability to work beyond the age of 65.

Other challenges include adapting to technology (21%), daily commutes (19%) and being engaged in their job (18%).

Avis added:

“Organisations that want to support and maintain an older workforce should consider offering income protection and critical illness products that help staff financially in the event of ill-health.”

We can discuss how to support older workers.