

REPORT OF THE FINANCE MANAGER

SUBJECT: REPORT OF HMRC INSPECTION OCTOBER 2014

Introduction

The report is in the form a letter dated 5th December 2014 from the H.M.R.C. following their inspection of the Authority accounting records in October 2014. A routine but extensive investigation was undertaken and concluded with no unresolved matters. Accordingly the H.M.R.C. have approved a further period of dispensation on the reporting of the Authority's expense details as laid out in their letter of 8th December 2014.

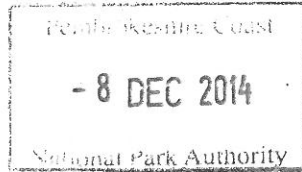
Recommendation: Members are requested to RECEIVE and COMMENT on the Report.

(For further information contact Richard Griffiths –Finance Manager on ext 4815)



Cyllid & Thollau EM | HM Revenue & Customs

FAO: Richard Griffiths
Pembrokeshire Coast National Park Authority
Llanion Park
PEMBROKE DOCK
Pembrokeshire
SA72 6DY



**Local Compliance
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www.gov.uk/cymraeg

Dyddiad/Date 5 December 2014
Ein Cyf/Our ref 615/P5250H
Eich Cyf/Your ref
Cyf achos/Case Ref CFSS 1118623

Dear Mr Griffiths

Firstly I refer back to our meeting held on 29th October 2014 and wish to thank you and Yvonne for the hospitality shown to myself and Johnathon.

Having reviewed the information you provided on the day and subsequently provided on request I can confirm this review is now concluded and I would like to thank you for the assistance and co-operation you have shown throughout the review period.

Should you have any queries regarding the closure of this review please don't hesitate to contact me on the above email / telephone number.

Whichever method you choose to contact us about this check, you need to quote the case reference CFSS 1118623 and any other references shown above. If you write you need to use the address shown above. If you send documents you must tell us if you want them returned as we may securely destroy them after 90 days.

Yours sincerely

Julie McQueen
Employer Compliance Tax Specialist

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

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Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001





**HM Revenue
& Customs**

15 DEC 2014

Pembrokeshire Coast National
Park Authority
Llanion Park
PEMBROKE DOCK
Pembs
SA72 6DY

Local Compliance

Specialist Employer Compliance S0664
PO Box 3900
GLASGOW
G70 6AA

Phone 03000 529204

Fax 03000 529226

Web www.gov.uk

Date 8 December 2014
Our ref LC/SEC/S0664/615/P5250H/BL

Dear Sir or Madam

Approval of dispensation – effective from 08 December 2014.

Further to your recent employer compliance review undertaken by my colleague, Ms Julie McQueen, I have renewed your dispensation notice and enclose a copy of the dispensation notice. This dispensation is effective from 08 December 2014 and replaces any earlier dispensation notice.

From 6 April 2014, the authority does not need to report details, (on forms P11D), of the type of expenses and benefits shown in the notice.

The dispensation only applies to expenses payments and benefits paid in the circumstances described in the enclosed notice. The authority must report all other expenses and benefits on forms P11D.

Please let us know if any of the circumstances change around the expenses payments and benefits. If they do, we will need to check whether the dispensation can continue.

If you contact us, we can deal with you more quickly if you quote our reference number and provide a daytime phone number.

Yours faithfully

Bryan Logue
Employer Support Officer

To find out what you can expect from us and what we expect from you go to www.gov.uk/hmrc/your-charter and have a look at 'Your Charter'.

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Phone	03000 529204
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Our ref	LC/SEC/S0664/615/P5250H/B
L	
Your ref	}
Date	8 December 2014

Dispensation notice – effective from 8 December 2014

Name of employer Pembrokeshire Coast National Park Authority

This dispensation only applies to the expenses, payments and benefits set out below, and only in the circumstances set out below. It applies to you, as the employer named above.

For the purposes of this dispensation, the term 'expenses, payments and benefits' relates to expenses, payments, cash and non-cash vouchers, use of credit tokens, benefits and facilities.

This dispensation means that expenses, payments and benefits of the type shown in this notice that have been paid or provided by you from 06 April 2014, will not have to be reported on forms P11D or P9D.

Previous dispensations

If you have an existing dispensation covering expense payments or benefits, then that dispensation is now revoked from the date of this dispensation.

Basis of this dispensation

I have based my decision to issue this dispensation on the information that you have given me. I am issuing this dispensation because I am satisfied that, on the basis of what I have been told, no additional tax would be payable by the employees concerned on these expenses, payments and benefits. This dispensation is issued under Section 65 and Section 96 of the Income Tax (Earnings and Pensions) Act 2003.

When this dispensation will not apply

Expenses, payments and benefits that are in any way different, or are provided in different circumstances from those set out below, are not covered by this dispensation and should be reported in the normal way.

This dispensation will not apply if the expenses, payments or benefits are paid or provided in circumstances that give rise to additional tax or National Insurance contributions (NICs). If this happens, we will revoke this dispensation. We might also backdate any revocation to the date that any changes in your procedures were introduced. This would mean that additional tax and NICs would be due in respect of any expenses, payments and benefits that you had already provided. The additional tax or NICs could be payable by you or by your employees.

What to do if anything changes

It is important that you let us know if any of the following changes happen:

- the systems for controlling expense payments and benefits are altered.
- the amounts of expenses and benefits are increased.
- the nature of the expenses or benefits change.
- any other changes are made to expenses or benefits that may affect whether, or to what extent, they are taxable.

If any of these changes happen, we will need to check whether the dispensation should continue.

Reviews of this dispensation

We may review this dispensation periodically. We will write to you at the time to let you know what information we need for our review.

Employees covered by this dispensation

Directors, where the directors' expenses claims are independently checked and authorised by another person, or where full receipts or relevant vouchers are held in support of the expenditure.

All other employees whose claims are independently checked and authorised by another person, except:

- where the exemptions provided by this dispensation notice in any year would bring their total earnings (including all expenses and benefits) below £8,500 **and**
- there are other payments of expenses and benefits which would thereby cease to be taxable under the benefits code in Section 63 ITEPA 2003.

Employees not covered by this dispensation

Any employees, whose expenses claims are not subject to the conditions set out above.

Expense payments and benefits covered by this dispensation

Travel (excluding mileage allowances)

What is covered

Reimbursement of the costs actually incurred by employees, when supported by receipts, on journeys undertaken for business purposes by rail, air, sea and road (excluding mileage allowances – read the next notes below), but excluding ordinary commuting (read the definition below).

Minor business travel expenditure for which receipts are not available may be reimbursed under the terms of this dispensation notice, provided there is alternative supporting documentation to confirm that the expenses were necessarily incurred. Examples include parking, congestion charges, road and bridge tolls and tube fares.

Notes

This dispensation does not apply if the employee is accompanied by a spouse or relative and so on.

This dispensation does not cover mileage allowances paid to employees using their own vehicles for business travel. Amounts paid to employees that are equal to, or less than, the published qualifying rates, are exempt from tax. Amounts paid that are in excess of the published rates are always taxable and should be shown on forms P11D or P9D. The current published rates can be found on our website. Go to hmrc.gov.uk/rates/travel.htm you can find earlier rates from a link on that page.

'Ordinary Commuting' is travel between an employee's home, or any other place that is not a workplace, and their normal place of work, and is not covered by this dispensation. You should show all payments relating to ordinary commuting on the employee's P11D or P9D.

More information

For more information on qualifying business travel, please read booklet 490 Employee Travel – A tax and NICs guide for employers. You can find this booklet on our website. Go to www.hmrc.gov.uk/helpsheets/490.pdf

Subsistence (based on actual costs and supported by receipts)

What is covered

The following is covered:

- the reasonable and necessary cost of a meal (food and drink) incurred by an employee whilst travelling on business where the expenses of that travel are included in the section headed '*Travel (excluding mileage allowances)*'
 - the travel must occupy the whole or a substantial part of a working day; encompassing the normal meal breaks
 - claims must be supported by relevant receipts

- the reasonable cost (when supported by the relevant receipts or invoices) of accommodation, breakfast, lunch (if applicable), and an evening meal incurred by an employee who is required to stay overnight in the course of a journey where the expenses of that travel are included in the section headed 'Travel (excluding mileage allowances)'
- the travel can be either within or outside the UK but the employee must be working away carrying out your business.

Accommodation includes hotels and other forms of board and lodging but excludes living accommodation, for example houses, flats and so on.

Notes

This dispensation does not apply if the employee is accompanied by a spouse or relative and so on.

Excluded from this dispensation is the cost of videos, newspapers, private phone calls, and drinks that are not complementing an evening meal. These are covered by the legislation relating to Incidental Overnight Expenses. (Please read Appendix 8 of booklet 480 for more information). You can find this booklet on our website. Go to www.hmrc.gov.uk/guidance/480.pdf

Reimbursement of fuel cost for business mileage in company cars (mileage allowances)

What is covered

Payments to employees for fuel for business travel in company cars where the employee is responsible for purchasing fuel. You must keep records that show that payment is only made for business mileage.

This dispensation only applies if the amount paid by you is equal to or less than the rates published on our website. Go to www.hmrc.gov.uk/cars/advisory_fuel_current.htm

Notes

This dispensation does not apply if you make any payments for fuel in the circumstances shown below. If you do, the standard fuel benefit charge will be due and should be shown on the employee's P11D:

- for journeys that are not business travel
- where there are no records to show that this was for business travel

If the amount paid by you is more than the advisory fuel rates for company cars, the excess paid will be a taxable profit and should be shown on the employee's P11D and included in gross pay for National Insurance purposes.

You can find details of the maximum rates of 'advisory fuel rates for company cars' on our website. Go to www.hmrc.gov.uk/cars/advisory_fuel_current.htm

More information

For more information on qualifying business travel please read booklet 490 Employee Travel – A tax and NICs guide for employers. Go to www.hmrc.gov.uk/helpsheets/490.pdf

Home phone (main line)/ personal mobile phone

What is covered

Reimbursement of the cost of business calls made from a private home phone or from an employee's personal mobile phone where:

- the employee has identified such calls on itemised bills
- you have procedures in place to check that the costs relate to business calls.

Notes

The line rental remains the personal liability of the subscriber and does not form part of this dispensation.

Business entertaining

What is covered

The cost of entertaining customers, potential customers, suppliers or other business connections at genuine business occasions:

All claims for entertaining expenses must be supported with records that show all of the following:

- the amounts spent on particular occasions
- the nature of the entertainment
- the persons entertained

- reasons for the entertainment.

Notes

The following can usually be regarded as reasonable and genuine business occasions:

- Product launches.
- Lunches and similar events for customers or potential customers at which business is discussed.
- Exhibitions and similar events at which products are on display for customers.

Credit cards or debit cards provided by you

What is covered

The cost of goods or services obtained by means of a credit card or debit card in your name that are supplied for the employee to use by reason of their employment – as long as the employee reimburses you in full for the cost of any goods or services for personal use. For the cost of business related goods or services to be covered by this dispensation, the use of the credit card or debit card must be in such circumstances that, had the employee incurred the cost, there would be a deduction for it under Sections 336 to 338 of the Income Tax (Earnings and Pensions) Act 2003.

Professional fees and subscriptions

What is covered


Amounts for professional fees and subscriptions paid by, or on behalf of, an employee to an organisation that is included in HM Revenue & Customs' 'List 3' - provided the activities of the organisation are relevant to the office or employment of the employee as set out in Sections 343 and 344 Income Tax (Earnings and Pensions) Act 2003. Go to www.hmrc.gov.uk/list3/index.htm (See the notes below).

Notes

The activities of the organisation are relevant to the office or employment if one of the following applies:

- the performance of the duties is directly affected by the knowledge that the organisation exists to provide
- the performance of the duties involves the exercise of the profession the organisation represents.

Authorised officer's signature



Authorised officer's name

Bryan Logue