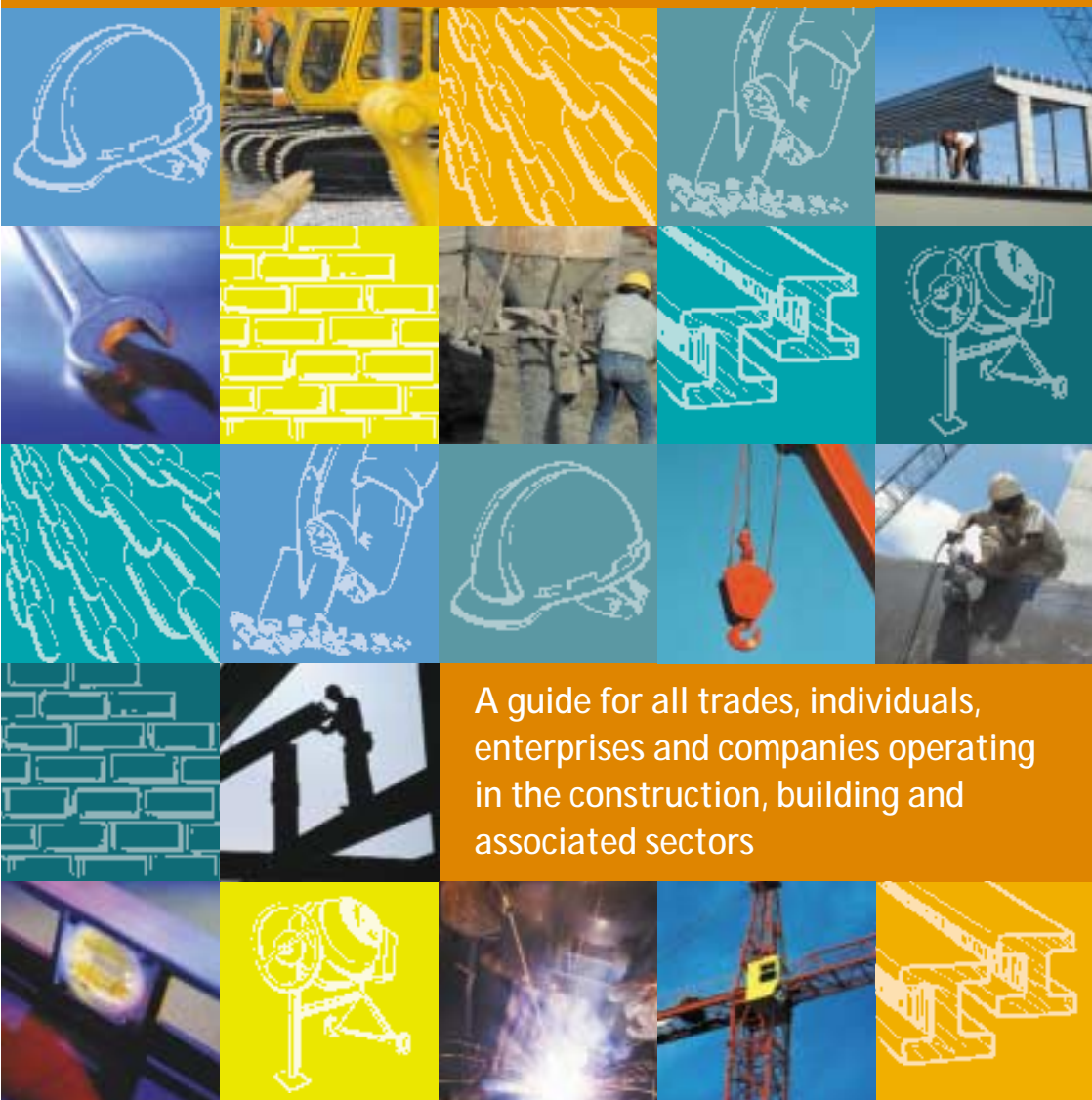


Help for **your** business

*in the construction
industry*



A guide for all trades, individuals,
enterprises and companies operating
in the construction, building and
associated sectors

HM Customs & Excise
Inland Revenue
Benefits Agency
Immigration Service
Employment Service
Companies House
Department of Trade and Industry
Health and Safety Executive
ACAS
Office of Fair Trading

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Introduction

This leaflet is for anyone who has recently set up their own business, or is thinking about setting up a business in the construction industry and tells you;

- **what you need to tell us,**
- **what you need to do to get things right from the start, and**
- **how to get more help and information.**

Each department (i.e. HM Customs & Excise, Inland Revenue, Benefits Agency, Immigration Service, Employment Service, Companies House, DTI, Health & Safety Executive, ACAS and the Office of Fair Trading) has a wide range of powers which enable officials to carry out their legal duties. Failure to comply with your legal obligations may lead to prosecution or a financial penalty.

Each department works to a Citizens' Charter and has a code of practice for dealing with complaints. You can obtain further details by contacting the appropriate helpline(s) listed in this leaflet.

If the department concerned does not settle your complaint to your satisfaction, you can ask the Adjudicator to review your case. The Adjudicator, whose services are free, is an impartial and independent referee. (Tel. 0207-930 2292.)

H M Customs & Excise

What is VAT?

VAT stands for “**Value Added Tax**” and is a tax businesses charge when they supply their goods and services in the United Kingdom (UK) or Isle of Man.

It is also charged on goods, and some services, that are imported from places outside the European Community (EC) and on acquisitions, and some services received from the EC.

What are “taxable supplies” and the different rates of VAT?

All goods and services which are VAT rated are called “taxable supplies”. You must charge VAT on your taxable supplies from the date you first need to be registered. The value of these supplies is called your “taxable turnover”.

There are currently three rates of VAT:

- **17.5%** – known as standard-rated supplies; on most goods and services.
- **5%** – known as reduced-rate supplies; on fuel and power used in the home and by charities.
- **0%** – known as zero-rated supplies which you do not need to charge VAT on. Some examples are: most food, books, newspapers and young children's clothing.

There are also “exempt supplies” which are business supplies which have no VAT charged on them at either the standard or zero rate. Exempt supplies do not form part of your taxable turnover.

If the only services you supply are exempt supplies you can't normally be registered for VAT. If you are registered for VAT and have some exempt supplies you may not be able to get all your input tax back.

Some examples of exempt supplies are: insurance, selling, leasing and letting land and buildings (not garages, parking spaces, hotel or holiday accommodation) and certain education and training.

How does VAT work?

If you are in business and your “**taxable turnover**”, not just your profit, goes over a certain limit you become a “taxable person”.

You must then register for VAT.

Taxable turnover is the total value of all your business supplies which are taxed at either the standard, reduced or zero rate.

If you are registered or need to be registered, you must charge and account for VAT whenever you make any standard or reduced-rate supplies. These supplies are your outputs and the tax you charge is your output tax.

If your customers are registered for VAT and the supplies are for their business, the supplies are their inputs and the tax you charge them is their input tax. In the same way, the VAT charged by suppliers to you on your business purchases is your input tax.

You take your input tax from your output tax and pay what's left to us, Customs and Excise, on your VAT return. If your input tax is greater than your output tax you can claim back the difference from us.

Do I have to register?

If you are in business and your taxable turnover, not just profit, goes over a certain limit, known as the **registration threshold**, then you must register for VAT. You could be liable to pay a penalty if you fail to register at the correct time.

From 1 April 2001 the VAT registration threshold was raised to **£54,000. Therefore you must register for VAT if:**

- at the end of any month the total value of the taxable supplies you have made **in the past twelve months or less** is more than £54,000; or
- at any time you expect that the value of your taxable supplies will be more than £54,000 **in the next thirty days alone**; or
- when you take over a business as a going concern whose **turnover in the last twelve months is more than £54,000 and/or VAT registered.**

To register for VAT form VAT 1 has to be completed, which has to be sent to us within thirty days of any of the above.

If you only supply goods that are zero-rated (but exceed the registration threshold) you may not have to register for VAT. But you do have to notify us of your liability to be registered and apply to be "exempt from registration".

Can I register if my turnover is below the limits?

Yes. If your taxable turnover is below the limit you can apply for “**voluntary registration**” if you can prove that what you do is a business for VAT purposes. There are advantages and disadvantages to registering voluntarily and so before you apply you should consider carefully whether or not it will benefit you.

Benefits include increased credibility for your business and if your business makes standard or zero-rated supplies you will be able to claim back input tax.

However, on the other hand, once you are registered you will have to account for output tax on all your taxable supplies which are not zero-rated; but you can also take credit for any input tax on those taxable supplies. You will also have to send in VAT returns regularly and keep proper records and accounts so that VAT officers can examine them.

Where can I go for further help?

If you need general advice from HM Customs and Excise ring our **National Advice Service (NAS)** on **0845-010 9000***.

The advice service is open **Monday to Friday from 8.00 a.m. to 8.00 p.m.**

If you would like to speak to someone in **Welsh** please ring **0845-010 0300**. The Welsh speaking service is open from 8.00 a.m. to 6.00 p.m.

If you have **hearing difficulties** please ring **0845-000 0200**.

This service replaces all the telephone enquiries services formerly provided by local HM Customs and Excise Advice Centres. If you call a local advice centre you will hear a message giving the NAS telephone number and will be asked to contact the service direct.

*All calls will be charged at the local rate within the UK. Charges may differ for mobile phones.

Customs Confidential Hotline (0800 59 500)

This is a free 24 hour hotline set up by Customs and Excise to receive information supplied by the public. No piece of information is too trivial, whether it's about drugs, illegal alcohol or tobacco sales, or tax fraud including VAT and Betting and Gaming Duty.

The service is free, easy to use and completely confidential. You will not have to give your name or any personal details if you prefer not to.

Business Support

Once you have registered for VAT, support is available from our regional teams who can provide help, support and advice on all Customs matters to ensure that you get your VAT responsibilities right from the start. They aim to help you understand VAT, Customs requirements for international trade and other taxes and duties, and how they affect your business. Shortly after registering one of our teams will contact you to offer you the opportunity to attend or view one or more of the following options:

The teams offer a programme of events which include:

- **Seminars**

- These are held locally both during and outside normal office hours and include a basic introduction to VAT. Separate seminars are held for importers and exporters to cover the basics of international trade facilitation and procedures.

- **One-to-One Consultations**

- An individual appointment during office hours which provides you with the opportunity to discuss matters pertinent to your particular business.

- **Videos**

- **“Customs Matters – Getting it Right From the Start”** which is aimed at new and small businesses.
- **“Keeping Records and Accounts”** which covers keeping records and accounts for Customs purposes and filling in the VAT return.

You do not have to be registered for VAT to take advantage of the above, but once you do register you will be contacted automatically and will be able to choose the option that best suits your circumstances.

If you wish to find out more about events in your area or obtain a copy of one of the videos please ring **NAS** on **0845-010 9000**.

We have summarised below some aspects of VAT which are particularly relevant to the construction industry.

VAT liability of buildings and construction

The current rates of VAT on building works are:

- 0% (zero) VAT on the cost of constructing new dwellings and certain buildings used solely for residential or non-business charitable purposes. The zero rating also applies to approved alterations on listed buildings used as dwellings or relevant residential and charitable purpose buildings. (Subcontractors – please see section below on your special rules.)
- All works of repair and maintenance on listed buildings remain standard rated.
- 5% VAT on the cost of renovating dwellings which have been empty for three or more years and on the cost of renovating properties into a different number of dwellings. Work carried out on converting a non-residential building into a dwelling(s) is also charged at 5% along with converting a dwelling into a care home or other residential building – this change was introduced in Budget 2001. VAT Information Sheet 4/01 available from the NAS and on the Customs and Excise website (www.hmce.gov.uk) gives details.
- 17.5% VAT on all other building work including repair and maintenance of or extensions to existing buildings and the cost of constructing commercial buildings.

Public Notice 708, published by Customs and Excise, gives full details about VAT on buildings and construction work. It is available from the National Advice Service and the Customs and Excise website.

Subcontractor Rules

If you are a subcontractor you can charge 0% VAT if you are working on a new dwelling. However, please note that the installation of certain items in new homes is standard rated. (Notice 708 paragraph 9.5 explains. See also VAT Information Sheet 01/00.) You may also zero rate work on approved alterations carried out on a listed dwelling. (See Notice 708 paragraph 8.)

All other works you carry out are standard rated industry work to relevant residential and charitable buildings.

The reduced rate for the installation of Energy Saving Materials (ESMs)

The 5% reduced rate also applies to:

- the installation of energy saving materials in all homes;
- the grant-funded installation, maintenance and repair of central heating systems and home security goods in the homes of qualifying pensioners; and
- the grant-funded installation of heating system measures in the homes of the less well-off.

There is more about this in VAT Information Sheet 1/00.

All Information Sheets are available from the NAS and can be found on:

[www.hmce.gov.uk/VAT/information/publications/information sheets](http://www.hmce.gov.uk/VAT/information/publications/information%20sheets) (year)

Further Information and Notices

We have many notices available on a wide range of subjects designed to offer you more specific help and guidance. A list (which is updated every fortnight) is published on the Internet. The address is:

www.hmce.gov.uk

You can also obtain copies of them from the NAS. To start with you might find the following leaflets useful:

- **Notice 700 – The VAT Guide;** tells you more about what you should and shouldn't charge VAT on.
- **Notice 700/1 – Should I be registered for VAT?;** explains in more detail who should register for VAT and covers filling in the application form VAT 1.
- **Notice 700/12 – Filling in your VAT return;** more detailed information on how to complete VAT returns.
- **Notice 700/15 – The Ins & Outs of VAT;** a simple introduction to output and input tax.
- **Notice 700/21 – Keeping Records and Accounts;** explains what records you will need to keep.
- **Notice 719 – VAT refunds for “Do-it-yourself” builders.**
- **Notice 989 – Visits by Customs and Excise Officers;** explains what you can expect from us and what we expect from you when visited.
- **Notice 999 – Catalogue of Publications;** a list of all the current publications issued by HM Customs and Excise.

Aggregates Levy

What is Aggregates Levy?

Aggregates Levy is a tax on the commercial exploitation of sand, gravel and rock in the United Kingdom or its territorial waters. It will also be charged on aggregate which is imported into the UK.

When will the levy come into effect?

The levy will come into effect on 1 April 2002. Any commercial exploitation of aggregate after this date will be subject to the levy.

Who will need to register for the levy, and what is the registration threshold?

There is no registration threshold for aggregates levy. Anyone who is responsible for commercially exploiting aggregate in the UK will need to register and pay the levy. This is likely to be the operator of the site from which the aggregate is being extracted, but may be the owner of the aggregate in certain circumstances. Anyone importing aggregate from outside the UK and selling it or using it for construction purposes will also need to register and account for the levy.

How do I register for the levy?

Registration forms will be available via the National Advice Service (0845 010 9000) from January 2002.

When is the tax point, and what is commercial exploitation?

The aggregate becomes liable to the levy when it is commercially exploited. Practically, this means the earliest of:

- physical removal from the site where the aggregate was extracted (except where it is moved to another site which is registered in the same name as the originating site)
- agreement to supply to another person
- use for construction purposes
- mixing with anything which is not chargeable aggregate or water

What is the rate of the levy?

There will be one rate set at £1.60 per tonne.

How will the levy be calculated?

The levy will be calculated on a weight of aggregate basis. For mixtures of more than one product, there may also be scope for special schemes to be agreed between the registered person and Customs and Excise.

Are there any exemptions or reliefs from the levy?

A range of industrial minerals (e.g. flourspar, gypsum, etc.), other quarried and mined products (e.g. coal, slate, etc.) and limestone for the production of lime and cement will be exempt from the levy.

There are also specific exemptions for colliery spoil, waste from industrial combustion processes or the smelting or refining of metals, drill cuttings and waste from certain processes such as highways construction, navigational dredging and building construction.

Any mineral which is used in a prescribed industrial or agricultural processes (e.g. glass manufacture, fertiliser production, etc.) will also be relieved from the levy, as will exports of aggregate.

The detail of these exemptions and reliefs will be included in secondary legislation and outlined in a public notice due to be published early in 2002.

Is aggregates levy like VAT?

Yes, in the way that operators need to register, complete quarterly returns etc., **but it cannot be reclaimed like VAT** as it is a one-stage, non-deductible tax similar to Landfill Tax and Climate Change Levy.

Will I be charged VAT on the levy?

Suppliers cannot charge you the levy directly, but they may raise their selling price accordingly. VAT will be charged on the full selling price.

How will I declare the levy?

There will be an Aggregates Levy return, similar to a VAT return.

Will the aggregates levy be shown on invoices?

As the levy is a specific, one stage tax, unlike VAT, operators are not able to charge the actual levy on to customers. Their responsibility is to account to Customs and Excise for £1.60 for every tonne of taxable aggregate they commercially exploit. It then becomes a commercial decision for the operator whether or not he chooses to pass the cost of the levy on to the customer and whether this is separately identified on the invoice. It is likely that in most cases, the operator will pass the cost of the levy on to his customers.

Where can I get further information about the levy?

In the period leading up to the introduction of the levy on 1 April 2002, you can obtain information from the aggregates levy helpline (0161 827 0906/0321). From 1 April 2002 further information will be available from the NAS, not the helpline. You may also wish to refer to the Aggregates Levy page on the Internet. The address is **www.hmce.gov.uk**. You will need to click on Excise and then Aggregates Levy.

Inland Revenue

Starting in business

If you are thinking of starting in business you should call the **Helpline for the Newly Self Employed** on **08459-15 45 15** and ask for a free copy of the “Starting up in business” video which explains the things you need to consider.

If you do decide to set up in business yourself you must register with the Inland Revenue as self-employed. If you are starting in business in the construction industry you will also need to know whether the **Construction Industry Scheme** applies to the work that you do. The Construction Industry Scheme (or CIS for short) is a tax scheme that affects contractors and subcontractors in the construction industry who carry out construction operations. Inland Revenue leaflet IR14/15(CIS) entitled “Construction Industry Scheme” is available from tax offices and tells you about the scheme and how to operate it. If you do this type of work as a **subcontractor** to contractors or some larger clients (other than private householders) you will also need to register as a subcontractor for the Construction Industry Scheme. You will also need to know about the scheme and register as a **contractor** if you intend to use subcontractors to carry out some of the work you do, regardless of who you do it for.

You can register with the Inland Revenue to be self-employed either by calling the helpline or completing form CWF1 which is contained in the leaflet P/SE/1 entitled “Thinking of Working for Yourself?” You should register as soon as you start up in business. Failure to register within the first three months of the end of the calendar

month in which you start could mean that you may be liable to a penalty of £100. And if you don't register and aren't paying tax you will be breaking the law and could be liable to further penalties.

When you register you will be sent an easy-to-follow "Starting up in Business" guide. It will also be arranged for you to start paying flat rate Class 2 National Insurance Contributions (NICs) and in the April after your business starts you will also be sent a Self Assessment Tax Return to fill in to determine the amount of tax you will have to pay. This return will also be used to assess any profit related (Class 4) NICs you may need to pay.

If the Construction Industry Scheme applies to the work that you do you can register as a subcontractor and/or contractor by calling or sending a letter to the Tax Office. If you will be a contractor you will need to complete a form CIS1 (or provide the same information by letter) to ensure that the Inland Revenue sends you the right stationery to enable you to operate the scheme on the payments that you make to your subcontractors. You can learn about the scheme from Inland Revenue Leaflet IR14/15(CIS).

What you must do if you are going to be a subcontractor

Under the scheme subcontractors must register with the Inland Revenue and obtain either a registration card or a certificate and show this to the contractor before they can be paid for the work they have done. The rules that determine whether a subcontractor is entitled to a registration card or a certificate are very specific. However, to receive either document you will need to complete an application form and provide a passport size photograph

(which will appear on the card or certificate) and attend an identity check at the tax office. This will not take long but you will need to take the completed application form and the photograph, two proofs of identity with your current address, and evidence of your National Insurance Number if you have one.

As a new subcontracting business (whether you are a sole trader or in partnership or are forming a company), the rules governing the issue of certificates are likely to mean that you will be given a registration card. Once you (or another partner or director in the business) have received your registration card you will need to present this in person to the contractor you are working for so that they can pay you. The contractor will then deduct an amount on account of tax and Class 4 National Insurance, and pay you the net amount. They will also give you a voucher showing the amount of the payment and tax deducted. You will need to keep this document as proof of any amount that has been deducted. You will need to show the total amount of deductions on your Tax Return (or if you have formed a company, the company Tax Return) and this will count towards the amount of tax and National Insurance or corporation tax that you or your company will pay.

If you or your company are entitled to a certificate, the contractor, once he has seen it, can pay you in full. You will then need to complete a voucher (which we will send you) for the amount of the payment, and send it to the contractor. The contractor will then forward this to us. You will need to save some of the money you are paid to make sure you can pay your tax bill at the end of the year. Inland Revenue leaflet IR40(CIS) entitled Construction Industry Scheme, Conditions for getting a Subcontractor's Tax Certificate, is

available from Tax Offices and tells you about the certificates and how to qualify for one.

If you need further information you can phone the subcontractor's helpline on **0845-3000 581**.

Engaging subcontractors

What you must do if you are a contractor

If you are a contractor you may need to operate the scheme on the payments you make to self-employed subcontractors.

First you will need to work out whether you are taking on self-employed subcontractors or employees by considering the terms of the contract (whether written, verbal or implied) that you have with them. Inland Revenue leaflets IR56, entitled "Employed or Self-Employed" and IR148 entitled "Are your Workers employed or self-employed? A guide for tax and National Insurance for contractors in the construction industry" are available from Tax Offices and will help you decide whether the payments that you make to your workers fall under the CIS or PAYE. It is your responsibility to make sure that you operate the correct scheme and make the right deductions from the payments that you make. If you do not operate the CIS or PAYE correctly you will have to pay the tax and National Insurance that you should have deducted from your workers yourself. You may also be charged penalties. If you have difficulties in deciding whether your workers are employed or self-employed you should contact your Tax Office who will be able to help you.

If your workers are self-employed you will then need to work out whether the payment you are making to them is (in whole or in part) for construction operations. If you are making a series of payments under a contract you will need to consider all the payments as a whole when deciding if they are for construction operations. If you are not sure whether the payments are for construction operations you can phone the contractor's helpline **0845-733 55 88** or your Tax Office for help.

If the payments you make to self-employed workers are for construction operations you will need to operate the Construction Industry Scheme.

You will be responsible for:

- inspecting the registration cards and certificates for the subcontractors you use to make sure that they are valid, and keep a note of the information on them.
- making the correct deduction on account of tax from those payments to subcontractors with a registration card.
- completing vouchers to show the amount of the payments and the deductions you have made and sending one copy to the subcontractor and one to the Inland Revenue. The Inland Revenue will send you the vouchers you need to complete when you register as a contractor and complete and return form CIS1.
- asking subcontractors who have shown you a certificate, to complete vouchers for the payments, checking that the vouchers they send belong to them, completing some details of your own and sending a copy of the voucher to the Inland Revenue.

- keeping accurate records of the payments you have made and the vouchers you have completed.
- paying deductions made over to the Accounts Office each month (you can do this quarterly if your average monthly payments, including any PAYE, are below £1500).
- completing a return at the end of each tax year (5 April) of all the payments that you have made to subcontractor with certificates and registration cards, whether or not you have obtained or completed vouchers for them.

If you are a contractor and a subcontractor in the scheme you will need to make sure you carry out your responsibilities (both as a subcontractor *and* a contractor) properly otherwise it will affect whether you are entitled to a Subcontractor's Tax Certificate under the scheme.

If you need advice or information once your business is up and running you can still call the Helplines. Furthermore, you can make arrangements for the visit of a Business Adviser from one of the local Business Support Teams to give you practical advice on record-keeping and filling in your tax return and for help with the Construction Industry Scheme. Alternatively you can attend one of the local workshops run by the Business Support Teams specifically for people starting in business. There are also two workshops specifically designed for contractors and subcontractors in the construction industry that will help you to understand the Construction Industry Scheme and what you must do as a contractor or subcontractor to make sure that you fulfil your tax obligations and operate the scheme properly. You can make contact with the Business Support

Teams through the Helpline for the Newly Self-Employed or via the website at www.inlandrevenue.gov.uk/bst/index.htm

The Services which the Business Support Teams provide are free of charge.

Useful Booklets

P/SE/1 – Thinking of working for yourself. This booklet contains information about starting in business.

IR14/15(CIS) and supplement – Construction Industry Scheme. This booklet gives detailed information about how the scheme operates.

IR40(CIS) – Construction Industry Scheme, Conditions for getting a Subcontractor’s Tax Certificate. This booklet tells you how to check whether you qualify for a certificate to entitle you to receive payments to you under the scheme without deduction of tax.

IR116(CIS) – Guide for subcontractors with Tax Certificates. This booklet tells you what you must do if you are a subcontractor and are entitled to a certificate under the scheme.

IR117(CIS) – Guide for subcontractors with registration cards. This booklet tells you what you must do if you are a subcontractor and are entitled to a registration card.

IR148/CA69 – Are your workers employed or self-employed? A guide for tax and National Insurance for contractors in the construction industry. This booklet tells you how to work out if the workers you take on should be treated

as employed or self-employed under the contracts (written, verbal or implied) that you have with them.

These booklets are available from local Inland Revenue Enquiry Centres and on the website at **www.inlandrevenue.gov.uk**.

The Inland Revenue's own Construction Industry Scheme manual for tax inspectors is also available under open government, from tax offices and on CD-ROM and on the website under **www.inlandrevenue.gov.uk/cis**

Employing people

If you decide to employ someone the first thing to do is telephone the **New Employer's Helpline on 0845-60 70 143**. The Helpline adviser will ask you for basic details and set up an employer record. You will then receive an Employer's Starter Pack containing all the instructions, tables and forms you will need.

As an employer you will be responsible for:

- working out the tax and National Insurance contributions due each pay day.
- keeping accurate and up to date records to back up any deduction in your accounts for wages, payments, benefits and such like relating to your employees.
- making payments of Statutory Sick and Maternity pay to your employees as appropriate.
- making Student Loan deductions from an employee's earnings when directed to do so by the Inland Revenue.

- paying Tax Credits to employees when authorised by the Inland Revenue.
- paying deductions made over to the Inland Revenue Accounts Office each month (you can do this quarterly if your average monthly payments are below £1500) after offsetting any tax credit payments.
- at the end of the tax year (5 April) telling the Inland Revenue how much each of your employees has earned and how much tax and NIC deductions you have made. You must also give details of any expenses paid or benefits provided to your employees.

If you need any advice or information on employer matters you should contact the **New Employer's Helpline** on **0845-60 70 143**. Alternatively you can arrange for one to one help from a Business Adviser from a local Business Support Team who can offer detailed advice on all aspects of payroll and, if you wish, check that your payroll systems process information accurately and reliably. You could also attend one or more of the local workshops on the different aspects of payroll run by the Business Support Teams.

You can make contact with the Business Support Teams through the New Employer's Helpline or via the website at **www.inlandrevenue.gov.uk/bst/index.htm**. The services which they provide are free.

Useful Leaflets and Pamphlets

- **Contact leaflet**; how to contact the Inland Revenue.
- **NE1 – First steps as a new Employer**; if you are thinking of taking someone on, how to contact the special Helpline for new employers.
- **IR34 – PAYE**; an explanation.
- **IR120 – You and the Inland Revenue**; our service commitment to you.

The leaflet NE1 is available from the **Employers Orderline 08457-646 646**.

The other leaflets are available from local Inland Revenue Enquiry Centres and the website at **www.inlandrevenue.gov.uk**.

The Inland Revenue Enquiry Centres and the website also carry a selection of leaflets on various tax subjects which may be of interest to you.

Useful Telephone Numbers

- Help with PAYE and/or NICs for New Employers; 0845-60 70 143.
- National Minimum Wage Helpline; 0845-600 0678.
- Employers Orderline for forms and Stationery Orders; 08457-646 646.

Forming a company

If you decide to operate as a company you will have to pay corporation tax and make company tax returns. The corporation tax Self Assessment system deals with this. Soon after the end of your accounting period we will send you a notice asking you to make a company tax return.

You must normally pay any tax due by nine months and one day after the end of the accounting period. If you have not yet completed your company tax return you must make an estimate of what you think is due, and pay that. If you are a large company, you may need to pay earlier than this, in instalments.

You must send a completed tax return, including your accounts and tax computations, to the Inland Revenue by the filing date, which is usually twelve months after the end of the accounting period. If the return is not delivered by the filing date, we will charge a penalty.

You must keep proper business records, which you need to make your company tax return. Generally you must keep these for six years after the end of the accounting period.

Speak to your accountant or tax advisor. Decide what the company's accounting period is and tell your Tax Office. Work out the dates by which you need to pay tax and make your company tax return. Plan ahead to make sure that accounts and tax computations are prepared in good time for this.

Benefits Agency

The Benefits Agency is responsible for the administration of welfare benefits to citizens who are unable to support themselves financially. Employers should advise new employees, who have been in receipt of benefits, and remind existing employees, who may be entitled to benefits, of their responsibilities to report their employment, and changes to their income, to the Benefits Agency. Employers who collude with benefit recipients, for the purpose of them obtaining benefits incorrectly, render themselves liable to possible prosecution.

Where the Benefits Agency becomes aware of an individual's failure to report the details of their employment they are empowered to request those details from the employer. Additionally, from time to time they may exercise their statutory right to inspect lists of all employees to ensure that any failure by individuals to report the aforementioned changes, is identified.

You will find further information about Benefit Agency requirements by contacting the "Information Helpline" 0116-252 9000 or visit our website at **www.dss.gov.uk**.

Immigration Service

Legislation exists to ensure that only those legally entitled to live and work in the United Kingdom are offered employment.

- You are legally responsible for ensuring that employees recruited after 27 January 1997, who are subject to immigration control, have permission to take the work in question.
- Failure to do so may result in prosecution and a fine of up to £5,000 (level 5).
- Charges may be brought in respect of each person employed illegally, and officers of the company may be personally liable in certain circumstances.
- To avoid prosecution you should, before employment commences, see and retain (or copy) one of a number of documents held by the prospective employee and specified in the Home Office booklet Prevention of Illegal Working: Guidance for Employers.
- The Booklet and general advice may be obtained by calling the Home Office employers' helpline on 0208-649 7878, or by visiting the Home office website at:

www.open.gov.uk/home_off/ind.htm

Employment Service

The Employment Service has more than one thousand Job Centres nation-wide which will help fill your vacancies efficiently, effectively and without charge. We can provide recruits for a wide range of employers across all sectors.

For any help or advice please contact your local office.

For any New Deal enquiries please call the New Deal Helpline on 0845-606 2626.

Whenever a vacancy is placed with the Employment Service we will:

- provide a named contact who will handle your vacancy;
- advise you about the service we provide;
- confirm with you your minimum requirements;
- keep in regular contact with you until your vacancy is filled.

We can also:

- display your vacancy quickly;
- publicise your vacancy locally or further afield if appropriate, using our computer network to advertise your vacancy in other parts of the European Union;
- help you fill almost any kind of vacancy at all levels; skilled, management, clerical, unskilled, professional, health care workers, retail, hotel and catering, construction;
- advertise your vacancy on our website
www.employmentservice.gov.uk

Other services available are:

- advice on employing people with disabilities;
- information about the local labour market;
- recruitment events;
- distribution of application forms (yours or ours);
- if you are a disability symbol user, help with carrying out your interview commitment;
- access to information and expert advice about a variety of employment and training issues;
- provide help with interviews.

Companies House

Important information for Company Officers.

(These notes apply whether or not your company is trading.)

Accounts and Annual Returns

- All limited companies must deliver a set of accounts to the Registrar of Companies each year.
- In addition, an annual return (form 363) must also be delivered to the Registrar each year.
- These documents are usually due to be delivered at different times in the year – the delivery deadlines are specific to each company.

- Directors are personally responsible for ensuring that accounts and annual returns are delivered to the Registrar on time.
- Failure to deliver statutory information on time is a criminal offence. The consequences can be that directors risk a criminal record, a fine, and disqualification and that the company will incur an automatic financial penalty of up to £1,000 for a private and £5,000 for a public company if any accounts are delivered late. Failure to deliver on time may also be a conduct matter to which the court may have regard under the Company Directors Disqualification Act 1986.
- Companies can be struck off the register if their accounts or annual returns (form 363) are not delivered on time.
- Company records held at Companies House highlight the absence of accounts and annual returns. Financial institutions, potential business partners and others examine these records before deciding whether or not to enter into dealings with companies.
- If you would like copies of any of the Guidance Booklets listed overleaf please ring 0870-33 33 636 or fax (029) 2038 0566 or visit our website at:
www.companieshouse.gov.uk
- If you no longer need your company, and want advice on how it can be removed from the register ring (029)-2038 0092/2038 0037.

Guidance Booklets

Formation and Registration	Code
Company Formation	GBF1
Company Names	GBF2
Business Names	GBF3
Administration and Management	
Directors' and Secretaries' Guide	GBA1
Annual Return	GBA2
Accounts and Accounting Reference Dates	GBA3
Auditors	GBA4
Late Filing Penalties	GBA5
Share Capital and Prospectuses	GBA6
Resolutions	GBA7
Company Charges and Mortgages	GBA8
Company Charges (Scotland)	GBA8(S)
Flat Management Companies	GBA9
Winding-Up	
Liquidation and Insolvency	GBW1
Liquidation and Insolvency (Scotland)	GBW1(S)
Strike-off, Dissolution and Restoration	GBW2
Strike-off, Dissolution and Restoration (Scotland)	GBW2(S)

DTI Employment Legislation Guidance

Contracts of employment

Employers and employees are bound by the terms and conditions of employment between them.

- Enforcement: County Court or civil court in most cases, Employment Tribunal in certain circumstances.
- Guidance: Contracts of Employment (PL810).

Written statement of employment particulars

An employer must generally give employees, within two months of the beginning of the employment, a written statement of the main particulars of employment. The statement should include, amongst other things, details of pay, hours, holidays, notice period and an additional note on disciplinary and grievance procedures.

- Enforcement: Employment Tribunal. Statutes: Employment Rights Act 1996.
- Guidance: Written Statement of Employment Particulars (PL700), Example Form of a Written Statement (PL700A).

Transfer of a business or an undertaking

If an employer acquires a business or undertaking in such a way that the Transfer of Undertakings (Protection of Employment) Regulations 1981 apply (e.g. through the sale of an undertaking or part of an undertaking), the employees who are employed by the old employer at the time of the transfer automatically become the

employees of the new employer as if their contracts of employment were originally made with the new employer.

- Enforcement: Employment Tribunal. Statutes: Transfer of Undertakings (Protection of Employment) Regulations 1981.
- Guidance: Employment Rights on the Transfer of an Undertaking (PL699).

National Minimum Wage

An employer must pay a general minimum rate of at least £4.10 an hour (£4.20 an hour from 1 October 2002 if the economic climate remains favourable) for workers aged 22 or over. For workers aged 18-21 and for workers aged 22 or over for six months after starting a new job with a new employer and receiving accredited training, the minimum rate is £3.50 an hour (£3.60 an hour from 1 October 2002 if the economic climate remains favourable).

- Enforcement: Inland Revenue. Statutes: National Minimum Wage Act 1998, The National Minimum Wage Regulations 1999, (Amendment) Regulations 2000 and the National Minimum Wage Regulations 1999 (Amendment) (No. 2) Regulations 2001.
- Guidance: A Management Best Practice booklet: the National Minimum Wage; The Way Forward (obtainable from DTI Publications 0870 1502500). There is also a national minimum wage helpline (0845-6000 678) and the interactive guidance website TIGER (Tailored Interactive Guidance on Employment Rights) on – **www.tiger.gov.uk**.

Unfair dismissal

Employees who believe they have been unfairly dismissed can complain to an employment tribunal, generally subject to a qualifying period of one year's continuous service. Complaints can be made regardless of length of service if the dismissal is for certain specified reasons, e.g. pregnancy or maternity.

- Enforcement: Employment Tribunals. Statutes: Employment Rights Act 1996.
- Guidance: Fair and Unfair Dismissal (PL714) Unfairly Dismissed? (PL712).

Itemised pay statement

An employer must provide all employees with an individual written pay statement at or before the time of payment. The statement must show gross pay and take-home pay, with amounts and reasons for variable deductions. Fixed deduction must also be shown with detailed amounts and reasons. Alternatively, fixed deductions can be shown as a total sum, provided a written statement of these items is given in advance to each employee at least once a year.

- Enforcement: Employment Tribunal. Statutes: Employment Rights Act 1996.
- Guidance: Itemised Pay Statement (PL704).

Unlawful deductions from wages

An employer must not make unauthorised deductions from workers' wages, including complete non-payment.

- Enforcement: Employment Tribunal. Statutes: Employment Rights Act 1996.
- Guidance: Contracts of Employment (PL810).

Working Time Regulations

An employer must not require workers or employees to work more than an average of 48 hours a week, though workers or employees may choose to work longer.

An employer must limit the normal working hours of night workers to an average of 8 hours in any 24-hour period. Night workers are also entitled to receive regular health assessments.

- Enforcement: Health and Safety Executive, Local Authorities and Employment Tribunals. Statutes: Working Time Regulations 1998.
- Guidance: Working Time Regulations and A Guide to Working Time Regulations (obtainable by calling 0845-6000 925 and on the DTI website: www.dti.gov.uk), Health and Safety Executive Infoline 0541-545500.
- An entitlement to daily, weekly and in-work rest and four weeks' paid annual leave.

Trade union membership

All employees have a right to belong, or not to belong, to a trade union.

It is unlawful to refuse a person employment because he or she either is or is not a member of a trade union. It is also unlawful for individuals to be dismissed from employment, or discriminated against at work, because of their membership or non-membership of a trade union.

If a worker is dismissed because of their involvement with a union they may make a complaint to an Employment Tribunal.

- Statute: Trade Union and Labour Relations Act.
- Guidance: Booklet PL871 "Union membership and non-membership rights".

Part-time Workers Regulations

Employers must not treat part-time workers less favourably in their contractual terms and conditions than comparable full-time workers, unless different treatment is justified on objective grounds. This protection for part-timers covers all terms and conditions including pay, pensions, annual leave and training.

- Enforcement: Employment Tribunal. Statutes: The Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000.
- Guidance: Employment Relations website
www.dti.gov.uk/er/ptime.htm

Maternity Rights

An employer is required to protect the health and safety of employees who are pregnant, have recently given birth or are breastfeeding. Health and safety protection on these grounds starts as soon as the employee is pregnant.

An employer must continue the contract of employment throughout the 18 weeks' ordinary maternity leave period and any additional maternity leave period, unless either party to the contract expressly ends it or it expires. During ordinary maternity leave the woman should continue to receive all her contractual benefits except wages or salary.

An employer must not dismiss an employee, or select her for redundancy in preference to other comparable employees, during her pregnancy or her maternity leave, solely or mainly because she is pregnant or has given birth or for any other reason connected with her pregnancy or childbirth.

- Enforcement: Health and Safety Executive. Employment Tribunals. Statutes: Employment Rights Act 1996. Employment Relations Act 1999. Maternity and Parental Leave, etc. Regulations 1999. Management of Health and Safety at Work Regulations 1992.
- Guidance: Maternity Rights A guide for employers and employees (URN 99/1191) Suspension from work on medical or maternity grounds under health and safety regulations (PL705) (obtainable by calling 0870-1502 500 and on the DTI website www.dti.gov.uk/er/maternity.htm).

Parental Leave

Parental leave schemes can be agreed at local level, but where no local agreement exists the “fallback” scheme will apply.

An employer must provide key statutory elements in any parental leave agreement consisting of;

- 13 weeks’ parental leave for each child;
- the employee’s right to take the leave up to the child’s 5th birthday, or until 5 years have elapsed following placement for adoption;
- parents of disabled children are able to use their parental leave over a longer period until the child’s 18th birthday;

- the employee's contract of employment continues throughout an absence of parental leave unless it is terminated by either the employer or employee. Some terms, such as contractual notice and redundancy terms will still apply.

Where parental leave is for a period of 4 weeks or less, the employee will be entitled to go back to the same job;

- Enforcement: Employment Tribunals. Statutes: Employment Rights Act 1996. Employment Relations Act 1999. Maternity and Parental Leave, etc. Regulations 1999.
- Guidance: Parental Leave A Guide for employers and employees (URN 99/1193) (obtainable by calling 0870-1502 500 and on the DTI website www.dti.gov.uk/er/parental_leave.htm).

Redundancy consultation and notification

An employer is required to inform and consult appropriate representatives of employees who may be affected by proposed collective redundancy dismissals, or by measures taken in connection with them. The employer is also required to notify the Department of Trade and Industry of proposed dismissals within the same time scale.

A collective redundancy situation arises where the employer proposes to dismiss as redundant at least twenty employees at one establishment within a ninety day period.

An employer, unless prevented by special circumstances, must begin the process of consultation in good time and in any event at least:

- thirty days before the first of the dismissals takes effect in a case where between twenty and ninety nine redundancy dismissals are proposed at one establishment within a ninety day period;
- ninety days before the first of the dismissals takes effect in a case where one hundred or more redundancy dismissals are proposed at one establishment within a ninety day period.
- Enforcement: Employment Tribunals. Statute: Trade Union and Labour Relations (Consolidation) Act 1992, as amended by the Trade Union Reform and Employment Rights Act 1993, the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1995 and the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 1999.
- Guidance: Redundancy consultation and notification (PL833 rev. 5) (obtainable by calling 0870-1502 500 and on the DTI website: www.dti.gov.uk/er/regs).

Redundancy payment

An employer who dismisses an employee by reason of redundancy is required to make a lump sum payment to the employee, based on the employee's age and length of service and rate of pay at the time of dismissal.

- Enforcement: Employment Tribunals. Statute: the Employment Rights Act 1996.
- Guidance: Redundancy payments (PL808 rev. 5) (obtainable by calling 0870-1502 500 and on the DTI website: www.dti.gov.uk/er/regs).

Time off for Dependants

An employer is required to give an employee reasonable time off work to deal with emergencies or sudden problems involving a dependant. A dependant may be a child, partner, parent or someone else who relies on the employee for care.

There is no qualifying period, and an employer must not limit the number of times an employee can be absent from work under this right.

An employer must not dismiss an employee, or select them for redundancy in preference to other comparable employees, for taking or seeking to take time off under this right.

- Enforcement: Employment Tribunals. Statutes: Employment Rights Act 1996. Employment Relations Act 1999.
- Guidance: Time Off for Dependants A guide for employers and employees (URN 99/1186) (obtainable by calling 0870-1502 500 and on the DTI website www.dti.gov.uk/er/time_off_deps.htm).

Health and Safety Executive

The Health and Safety at Work etc. Act 1974 provides the legislative framework to promote high standards of health and safety at work. It aims to protect the health, safety and welfare of those at work and to safeguard others, particularly the public, who may be exposed to risks from work activity.

Health and safety law is enforced by inspectors from the Health and Safety Executive (HSE) or by inspectors from your local authority, who have a wide variety of statutory powers. They can require access to your premises at any reasonable time and they investigate accidents. They can provide you with practical advice on how to comply with the law and to improve health and safety conditions. However where their advice is not followed, and people are put at risk, they take vigorous enforcement action by issuing Prohibition and Improvement Notices and conducting prosecutions. Breaches of health and safety law can result in substantial fines and even imprisonment.

The construction industry is a high risk sector with a poor health and safety record with fatal and major injury rates running at many times more than the national average. It is vital therefore that all construction work is effectively managed from concept to completion, and that all risks are identified and properly controlled.

Small organisations need to be aware that investing in health and safety is worthwhile and cost-effective. HSE supports the sharing of good practice and encourages larger companies to share their health and safety experience with smaller firms. The Health and Safety Commission's Good Neighbour Scheme promotes the sharing

of good practice. For further information about the scheme visit the HSE website (details below).

To find out more:

There is a wide range of free and priced publications that provide further information or you can telephone HSE inspectors and local authority inspectors for advice. They can be contacted as follows:

HSE helpline: 08701 545500

HSE Books, PO Box 1999, Sudbury, Suffolk, CO10 2WA

HSE, Rose Court, 2 Southwark Bridge, London SE1 9HS

Tel: 0207 717 6000

Working Well Together website – **wwt.uk.com**

HSE website – **www.hse.gov.uk**

Advisory, Conciliation and Arbitration Service (ACAS)

Since its inception in 1974 ACAS has worked at the forefront of employee relations. Better known for its conciliation work in Employment Tribunal cases and large scale disputes, ACAS also provides many different advisory services about the employment of people at work. Funded by the taxpayer ACAS provides most of its services free of charge or, in a small minority of cases (e.g. publications and seminars), on a cost recovery basis.

Contact numbers and details of services are printed below.

Public Enquiry Points

For advice on any matter related to the employment of people and information about ACAS, DTI and other publications, our Enquiry lines are available Monday to Friday 9.00am to 4.30pm on the following numbers:

Birmingham	0121-456 5856
Bristol	0117-946 9500
Cardiff	029-2076 1126
Fleet	01252-811868
Glasgow	0141-204 2677
Leeds	0113-243 1371
Liverpool	0151-427 8881
London	0207-396 5100
Manchester	0161-833 8585
Newcastle upon Tyne	0191-261 2191
Nottingham	0115-969 3355

Business Seminars

ACAS organises a range of events in every region covering topics such as Managing Discipline and Dismissal, Contracts and Holiday Pay, Reducing Absenteeism, Bullying at Work and Maternity rights.

Please call the appropriate regional office or look on the website at **www.acas.org.uk** if you require further information.

Office of Fair Trading (OFT)

The OFT enforces a range of competition and consumer protection laws. In particular, it takes action in respect of;

- anti-competitive agreements such as cartels;
- monopolies and abuses of a dominant market position;
- mergers;
- consumer credit (including the issue of credit licences);
- traders who persistently fail to comply with their legal responsibilities to consumers;
- unfair terms in consumer contracts;
- distance selling; and
- misleading advertisements.

For further information on how the work of the OFT may affect your business, see the OFT website at **www.offt.gov.uk**, telephone 0845-722 4499, or e-mail: **enquiries@oft.gov.uk**.

Other Useful Contacts

As well as Government departments and agencies there are other organisations who can help you make the right business decisions. These include:

The **Small Business Service (SBS)** is an organisation which operates a number of schemes and initiatives that are designed to help small businesses in a variety of ways. They encourage businesses to be more innovative and to exploit new technologies, help get finance more readily and can provide ways for businesses to measure and improve efficiency. For further information visit their website at **www.businesslink.gov.uk**

The SBS also oversees the work of the network of local Business Link offices that operate throughout England. (Similar services are run by Small Business Gateway in lowland Scotland, Business Information Source in highland Scotland, Business Connect in Wales and the Local Economic Development Unit for Northern Ireland.) The Business Links provide independent and impartial business advice, information and a range of services to help small firms and those trying to start up new businesses. For further information call Business Link on **0845-600 9006** (minicom 0845-606 2666).

The **British Chambers of Commerce (BCC)** is the national face of the UK's network of accredited Chambers of Commerce and campaigns to reduce burdens on business and create a more favourable business environment. For further help you should contact your local chamber; details of which can be found on the BCC's website at **www.britishchambers.org.uk**

The **Federation of Small Businesses** is the leading organisation for small firms in the UK and campaigns on their behalf to improve the financial and economic environment in which they operate. Alongside this influential lobbying, FSB members also enjoy a unique protection and benefits package providing instant access to legal and professional advice and support. For further details visit their website at **www.fsb.org.uk**.

Business Debtline (tel. 0800-197 6026) provides a national telephone advice service offering **free, confidential and independent advice** to small businesses on tackling cashflow problems by;

- preparing a budget for your business;
- prioritising all your debts;
- dealing with court proceedings;
- understanding bankruptcy;
- avoiding repossession of your home and business;
- dealing with tax matters;
- negotiating with creditors and bailiffs; and dealing with most other debt and cashflow issues that you and your business may face.



HM Customs & Excise
Inland Revenue
Benefits Agency
Immigration Service
Employment Service
Companies House
Department of Trade and Industry
Health and Safety Executive
ACAS
Office of Fair Trading

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Published by HM Customs and Excise October 2001.

Leaflet reference number **Misc 5**