The Pensions Regulator

The Pensions Regulator (TPR) has been active this year. Back in February a bus company and its owner were fined just over £31,000 for 'wilfully failing to comply with the law on workplace pensions' by failing to Auto Enrol a total of 36 staff into a pension scheme. That was the first prosecution for auto-enrolment offences although TPR has issued numerous penalty notices. Because this case ended up in a magistrate's court the business owner now has a criminal conviction on top of the reputational damage to the business itself.

Non-payment of fines for Auto Enrolment (AE) and other breaches can also result in Court Orders and TPR has just announced that High Court Enforcement Officers (HCEOs) and their equivalents in Scotland and Northern Ireland will enforce these orders. Those who fail to pay could find the business' assets being seized. Unlike bailiffs, HCEOs can make forced entry into premises.

The TPR has launched a programme of 'spot checks' across the North East of England to identify businesses which are not complying with the Auto Enrolment rules. This is part of a programme which began in London and has already covered Manchester, Northern Ireland, Glasgow and many other parts of the UK.

And it's not just AE that's on TPR's radar, they are currently prosecuting Samuel Smith Old Brewery (Tadcaster) and its Chairman for failing to supply information and documents required for an investigation.

TPR is becoming more active all the time and employers need to ensure that they are just as aware of them as they are of HMRC.

Inheritance Tax hits new Heights

In the 2017/18 tax year, some £5.2 billion was paid in inheritance tax (IHT). That's £400 million more than in 2016/17 and the highest IHT 'take' on record.

On one level, this isn't a surprise, the 'nil rate band' – the amount of an estate which is not subject to IHT – has been frozen at its current level of £325,000

since the 2009/2010 tax year while stock market investments and residential property have seen significant increases in the same period.

But the introduction of the 'main residence nil-rate band' in April 2017 was expected to reduce IHT overall. This 'new' relief served as an additional nil rate band of up to £100,000 (£40,000 reduction in IHT) where an estate exceeded the £325,000 nil rate band and the deceased's main residence passed to a direct descendent (child, step child, adopted child and their lineal descendents). The allowance was capped at £100,000 or the net value of the residence, whichever is the lower. I've used the past tense as the main residence nil-rate band is currently set at £125,000 and will increase in stages to £175,000 for the 2020/21 tax year after which it will be linked to CPI. The allowance does taper downwards for estates of £2 million or more.

Like the main nil-rate band, this residential band can be transferred to a surviving spouse if not used by the first to die.

Given that the freeze on the main nil-rate band is now set to continue until the end of the end of the 2020/21 tax year, the value of the main residence nil-rate band is considerable but it is a complex beast.

Continued freezing of the main nil-rate band suggests that, despite increases in the residential nil-rate band, IHT liabilities will continue to rise.

Philip Hammond has requested the Office of Tax Simplification to look into IHT to see if there are ways in which the process of assessing a potential liability, especially where gifts are made during lifetime, can be made more straightforward for tax payers. So we can expect some simplification even if that just makes it easier to calculate increased liabilities.

Financial Scams

It is estimated that financial crime costs the UK an eye watering £52bn, according to the Economic Crime Directorate at the City London Police.
And that may be the tip of the iceberg as, apparently 88% of all cybercrime goes unreported. Many of these scams do look and sound perfectly legitimate so it does pay to be careful; it is estimated that something like 80% of cyber 'scams' could be prevented if potential victims knew a little bit more about how scamming works and took a little more care. There is a host of different scams, just looking at a few:

There are 'Boiler-room' schemes - which promise investors impressive returns, but actually just generate a loss of the whole 'investment'. Typically victims receive a 'cold' telephone call offering an investment scheme with huge returns. Invariably there is a requirement to act fast, with money being transferred immediately. The investment will sound plausible but not only is there every possibility that it wont really exist, as the Boiler-room will not be authorised by the Financial Conduct Authority (FCA), there will be no chance of compensation under the Financial Services Compensation Scheme.

Then there are the most common scams, phishing attempts. These revolve around contact – usually by 'phone or e-mail – with someone claiming to be from a bank or building society or insurance company. The scammer asks their victim to click on a link to verify log on, account and password details, the scammer reads the information and raids the connected account. Again, there is very little chance of recovering any monies taken in this way.

And the fastest growing scams at the moment revolve around Pension Freedoms with scammers contacting the over 55s with supposed investment opportunities for their pension funds. Commonly these investment opportunities will be overseas.

Low interest rates are tempting people to take extra risks, so they are vulnerable to such fake investments. Fraudsters can approach their victims by post, email or telephone.If you think that you may have been made a fraudulent offer contact Action Fraud on 0300 1232040. Or visit the FCA's Scam Smart site to see if the investment you've been off is on their warning list : http://scamsmart.fca.org.uk/warninglist/
The Scam Smart site also offers the opportunity to listen to a few demonstrations of these fraudulent 'phone calls.