

## REGULATION 13: TAXATION

### 13.1 GENERAL

- 13.1.1 **Providing Advice:** The Treasurer to the Joint Committee is responsible for advising Officers, in the light of guidance issued by appropriate bodies and relevant legislation as it applies, on all taxation issues that affect Portchester Crematorium.
- 13.1.2 **Responsibility for Tax Management:** The Treasurer to the Joint Committee is responsible for tax planning, maintaining the Crematorium's tax records, making all tax payments, receiving tax receipts and submitting tax returns by their due date, as appropriate.
- 13.1.3 **Responsibilities for Tax Administration:** Individual responsibilities for the administration of taxes should be fulfilled by the Deputy Treasurer to the Joint Committee in respect of VAT, and by the Management and Financial Accounting manager at Fareham Borough Council in respect of Payroll Income Tax and National Insurance.
- 13.1.4 **Accuracy of Tax Transactions:** All Officers should ensure that tax transactions are:
- a) calculated in accordance with the relevant statutory regulations;
  - b) recorded at the appropriate time;
  - c) accounted for in the proper tax period;
  - d) documented appropriately.

### 13.2 VALUE ADDED TAX (VAT)

VAT must be accounted for in relation to purchases of goods and services by Portchester Crematorium (*Input Tax*) and services provided by Portchester Crematorium for which a fee is charged (*Output Tax*).

The Finance Act 1985 introduced penalties to improve the enforcement of VAT and a number of local authorities have been heavily penalised for not complying with VAT legislation. Relying on another person and ignorance of the law are not regarded by H.M Revenue and Customs as reasonable excuses for making errors in connection with VAT.

- 13.2.1 **Knowledge:** Officers must ensure that all employees responsible for processing invoices, payments and collecting income, familiarise themselves with VAT and establish the appropriate tax treatment on each transaction they deal with.
- 13.2.2 **VAT Indicators:** The appropriate VAT indicator must be shown against each financial analysis code on all income and expenditure forms.
- 13.2.3 **Alteration of Invoices:** VAT invoices must not be altered. If an amount of an invoice is found to be incorrect then either a replacement or a credit note must be requested.

- 13.2.4 **Accounting for Errors:** Portchester Crematorium will be charged with any penalties incurred for errors.

### 13.3 INCOME TAX AND NATIONAL INSURANCE

**Income Tax and N.I. must be accounted for in relation to payments made to employees (usually through the payroll system).**

**Information on the rates, allowances and rules in relation to Income Tax and National Insurance can be obtained from the H.M. Revenue and Customs. Further assistance can also be obtained from the Operational Finance Section (Payroll) at Fareham Borough Council.**

- 13.3.1 **Income Tax and NI Indicators:** The Operational Finance Section (Payroll) at Fareham Borough Council must maintain a list of taxable and NI-able allowances in use on the payroll system for Portchester Crematorium.
- 13.3.2 **Collection and Transfer of Tax:** The Operational Finance Section (Payroll) at Fareham Borough Council is responsible for the collection of Income Tax and NI from salaried employees, and for the prompt payment of this to H.M. Revenue and Customs in accordance with their prescribed procedures and time scales.