



Tax Alert!

New Tax Clampdown on Hair and Beauty Sector!

What is it?

HM Revenue & Customs (**HMRC**) has announced a new campaign targeting employers in the hairdressing and beauty sector who pay their employees less than the national minimum wage (**NMW**).

This is the first campaign of its kind and is being supported by the National Hairdressers' Federation and the Hair and Beauty Industry Authority.

Why has it been launched?

The Department for Business, Innovation and Skills found that 42% of businesses in the hairdressing and beauty sector do not pay the correct minimum wages. This is the highest underpayment rate of any sector.

HMRC wants employers operating these businesses to check they are paying the correct amounts and, where there have been any underpayments, to pay all arrears and ensure the right amounts are paid going forward.

What action is required?

Employers operating hair and beauty businesses must voluntarily come forward to:

1. inform HMRC they want to take part in this new campaign; and
2. disclose details of all arrears (including confirmation these have been paid to all employees based on current NMW rates); and
3. confirm that wages worth at least the NMW are now paid to all workers.

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What if I don't come forward?

If you fail to come forward under this campaign, HMRC will take action against you and you may:

- have to pay a financial penalty (equal to 100% of what you owe up to a maximum of £20,000 per employee); and
- be named and shamed publicly on a list of employers not paying the NMW.

Where can I get help?

New Quadrant Partners Limited has extensive experience advising taxpayers in relation to similar targeted tax campaigns launched by HMRC.

If you would like to have an initial confidential discussion about this new campaign and how it affects you, please contact Simon Newsham at New Quadrant Partners Limited on 020 7430 7176 or email him at simon.newsham@nqpltd.com.

September 2015

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