HMRC’s Employment Taxes Forums

Employment Tax

01 December 2018

Round up of HMRC employment taxes related consultative forum meetings, including the Employment and Payroll Group, Student Loan Consultation Group, IR35 Forum and Expatriate Tax Forum.

We round up the activities of HMRC’s employment taxes forums, which are attended by CIOT volunteers, in the previous quarter: (i) Employment and Payroll Group, (ii) Collection of Student Loans Consultation Group, (iii) IR35 Forum, and (iv) Joint forum on Expatriate Tax and NICs.

Employment and Payroll Group (EPG)

The EPG is HMRC’s main employment taxes forum and generally focuses on high-level policy issues. It met in late September (and is scheduled to meet again in early December) and the main agenda items were Tax-Free Childcare, Disguised Remuneration, High Volume Repayment Agents and Termination Payments.

HMRC outlined the transition to Tax-Free Childcare (TFC) from employer-provided childcare vouchers and while acknowledging there had previously been difficulties in terms of the online accounts they emphasised that TFC was now running much more smoothly.

The April 2019 loan charge further to the disguised remuneration rules was then discussed and HMRC estimated that 50,000 people would be impacted, 10,000 of which were self-employed (where parallel legislation applies). HMRC were aware that individuals having to pay the tax due all in one go (and therefore at a relatively high tax rate) could lead to bankruptcy and they were therefore prepared to agree extended time-to-pay arrangements. Where the liability fell to the employer HMRC advised the reporting would be via RTI but by way of an Earlier Year Update rather than in real time and while the reporting deadline would be relaxed the tax due date would remain 22 April 2019.

In response to form P87 (Claim for tax relief for expenses of employment) claims from high volume repayment agents, HMRC were launching a campaign to encourage people to make their own claims. Finally, HMRC confirmed that the new employer-only NIC charge on termination payments would not be implemented for 2019/20.

Collection of Student Loans Consultation Group (CSL)

The CSL met in mid-September (and will also meet again in early December) and matters discussed included postgraduate loans and the Student Loans Company's (SLC) digital initiatives.

The collection of postgraduate loans (PGL) through the tax system commences in April 2019 and HMRC provided an update on proposed communications to employers and agents plus changes to be made to the starter checklist (but no changes proposed to the P45) and publication of software specifications (for example start/stop notices, reporting through RTI, etc). PGL start notices will be issued to employers at the same time as the normal graduate loan repayment start notices are issued (February/March 2019). The SLC's change of contact details online system has gone live on GOV.UK (following testing and a phased rollout). The SLC is also transitioning its repayment portal for students not in work or now living overseas to GOV.UK.

IR35 forum

The IR35 forum met at the end of August and the main agenda item was the proposals on off-payroll working in the private sector. At the time of the meeting HMRC was still sifting through responses to the consultation, although as we now know, the government has decided that the public sector rules will be rolled out to the private sector from April 2020 but with an exception for small businesses. At the meeting discussions concentrated on issues with the accuracy of HMRC's Check Employment Status for Tax (CEST) online tool and HMRC's disputed views on the meaning of mutuality of obligations. There were also concerns around the processes (or lack thereof) where the status of an 'off-payroll' worker is disputed, with this issue and CEST issues needing to be resolved before any extension to the private sector.

Joint Forum on Expatriate Tax & NICs (ETF)

The scheduled September meeting of the ETF was unfortunately cancelled by HMRC. They did however provide an update on the short-term business visitors (STBV) from overseas branches consultation, where the government is to widen eligibility for the STBV Pay as You Earn special arrangement and extend its deadlines for reporting and paying tax but is not taking forward the UK headquarters and overseas branches exemption which is very disappointing. HMRC has also established an EU-Exit question and answer log (for example, to deal with social security issues for inpatriates/expatriates from/to the EU following the UK’s exit from the EU).