HMRC’s Employment Taxes Forums

Employment Tax

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

In this article we summarise meetings of HMRC’s employment taxes forums, which are attended by CIOT volunteers, from the last quarter of 2018: (i) Employment and Payroll Group, (ii) IR35 Forum, (iii) Collection of Student Loans Consultation Group, and (iv) Pensions Industry Stakeholder Forum. HMRC publishes the minutes of these meetings on GOV.UK.

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 early December and agenda items included student loans, benchmark scale rates, the UK’s exit from the EU, short term business visitors (STBV) and PAYE coding triggers. As announced at Budget 2018, HMRC are removing the requirement to check back to receipts from April 2019 where the employer refunds subsistence expenses using the benchmark scale rates. The employer will only be required to check that a qualifying journey took place. As regards the EU Exit, HMRC are reviewing the social security position after 29 March 2019 and an update is to be issued soon.

Also from Budget 2018, the extension to the paying and reporting deadline for qualifying STBVs from 19 April to 31 May will not be made until 2020 /21 to provide HMRC time to amend their systems. The change from 30 or fewer UK workdays to 60 or fewer days will take place at the same time, although HMRC was asked to reconsider and introduce this change sooner. As regards PAYE in-year triggers, two changes have been introduced. Firstly, there is an existing tax code comparison (between what HMRC has issued and what the employer reports via RTI) with a

reminder being sent to the employer when HMRC think the employer is using the wrong code. HMRC has added a 60 day pause before a P6 notice is issued (and P2 for employee). Secondly, to address issues with inaccurate estimates of pay arising from large one-off bonuses, HMRC has added a pause to double-check whether the extra pay is a one-off or ongoing before actioning any PAYE change.

IR35 Forum

The IR35 forum met in late November and the main agenda item was the Budget 2018 announcement on off-payroll working in the private sector (HMRC received over 270 responses to this consultation). HMRC acknowledged concerns about the capacity of the private sector to implement the reform and confirmed that the existing IR35 rules will continue to apply to 1.5 million small business engagers. Forum members welcomed the deferral until 2020 but were concerned that detailed preparation cannot be completed until businesses have sight of the legislation and guidance. Meetings are taking place to discuss improvements to HMRC's 'Check Employment Status for Tax' (CEST) tool and the CIOT expects to host one of these.

Collection of Student Loans Consultation Group (CSL)

The CSL also met in early December and matters discussed included post-graduate loans, the collection of which through the tax system commences in April 2019. HMRC is increasing its publicity on this topic (e.g. see HMRC's Employer Bulletin). Start notices (PGL1s) will be issued in early March.

HMRC are also reminding employers to action stop notices so that the number of overpayments is reduced. In addition, HMRC will be sharing data more frequently with the Student Loans Company from April 2019, which should result in potential over-repayments being identified earlier but borrowers will need to ensure their personal details are kept up-to-date for records to be matched. A future development will be the introduction of new collection thresholds for Scottish borrowers and HMRC is looking at how best to identify and communicate this type of loan.

Pensions Industry Stakeholder Forum (PISF)

The PISF met in mid-October and discussions included the overseas transfer charge, master trusts, HMRC's Pension Schemes service, relief at source (RAS) where

devolved tax rates differ from the UK main rates and lifetime allowance protection and auto-enrolment.

HMRC advised that if a Master Trust loses TPR authorisation, under the pension tax rules there are two options: either the scheme would wind up or HMRC would work with the scheme to help put things right. However, while HMRC can de-register a scheme where TPR authorisation is no longer held, HMRC confirmed it would always consider the impacts of de-registration on the employers and scheme members and the facts of the specific case.

HMRC’s Manage and Register Pension Schemes service was launched on 4 June 2018. From June 2018 scheme administrators have been able to register as an administrator and apply to register a pension scheme through the new service. On RAS, the pension schemes annual return of information will include additional columns to include the residency status that the pension scheme administrator used in the previous tax year. HMRC were also asked if they plan to look at low earning taxpayers in schemes operating the net pay arrangement (DWP was consulting on how to address the relief at source/net pay anomaly) and this issue is to be revisited.