Collection of Student Loans Consultation Group

Employment Tax

01 April 2019

The introduction of a new employee starter checklist to ask which plan type a borrower has and whether they have a post-graduate loan, for use from 2019 /20 onwards, has not gone smoothly for HMRC.

HMRC’s Collection of Student Loans (CSL) consultation group met on 26 February and the first item on the agenda was issues arising from updating the employee new starter checklist.

Starter Checklist

The starter checklist was being updated to ask new employees if they have both Plan 1 and Plan 2 student loans (if they have both employers should deduct student loan repayments using only one Plan type at a time and the default plan type is Plan 1). At the same time questions on post-graduate student loans (PGL) were being added to the starter checklist (the earliest borrowers can start repayment of PGL is April 2019 and these will be repaid concurrently with any existing undergraduate student loans).

Unfortunately, due to re-styling for GOV.UK standards, the look of the new starter checklist form was changed and the questions were reordered from that which HMRC had agreed with industry representatives. Because of the re-ordering of the questions the new starter checklist effectively became unusable. Consequently, the new starter checklist was removed from GOV.UK and the old one reinstated. At the time of writing the new starter checklist had not been reinstated onto GOV.UK but we have been assured by HMRC that both the ‘old’ and ‘new’ starter checklists will be available by the start of the 2019-20 tax year. It is important that employers use the new form for new employees first being paid in the 2019-20 tax year to prevent

incorrect student loan deductions and resulting contact from HMRC. Note that the P45 form is not changing and will still only indicate whether an employee is already repaying a student loan. It will not indicate the employee's plan or loan type, so the starter checklist should be used for all new employees even those with a P45.

Student Loan Start Notices

Start notices (SL1s) for employed borrowers first becoming liable to deduction through the PAYE system are issued by HMRC in the first half of March. This year HMRC is also issuing, for the first time, start notices in respect of post-graduate loans (PGL1's). Employers and their agents should check their PAYE Online Account for these notices. Failure to implement a start notice will result in employer prompts and, ultimately, a call from HMRC.

More frequent data sharing

HMRC confirmed that from April HMRC will send student loan repayment information reported on Full Payment Submissions to the Student Loans Company (SLC) more frequently throughout the year and advised that the intention is that student loan deductions will be notified to SLC weekly. However, as SLC are still developing their systems borrowers will not immediately see real time balances, although the more frequent data sharing by HMRC should help when borrowers phone SLC with loan balance and repayment queries.

The minutes of CSL meetings are published on GOV.UK.