HMRC’s Employment Tax Fora

Employment Tax

01 August 2019

A round up of HMRC employment taxes related consultative forum meetings, including the Employment and Payroll Group, Student Loan Consultation Group and Statutory Payments Consultation Group.

In this article we summarise meetings of three of HMRC’s employment taxes forums, which are attended by CIOT volunteers, from June 2019. HMRC publishes the minutes of the meetings on GOV.UK.

Employment and Payroll Group (EPG)

The group is the main HMRC forum for employment tax related matters and met on 11 June. The agenda opened with a discussion of the job-related accommodation rules, following HMRC’s announcement earlier this year that the customary rule no longer applied in the further and higher education sector. While there was a feeling that the current job-related accommodation rules were out of date, it was acknowledged that there were many that have relied on them for a very long time and any change would need to consider the effect on these people.

The change to the NICs Employment Allowance (EA) announced last year was discussed. From 6 April 2020, it will only be available to employers with employer’s NIC of less than £100,000 for the prior tax year. This will require additional boxes to be added to the monthly Employer Payment Summary (EPS).

Lastly, DWP explained how the Universal Credit (UC) process works and the interactions between employee/claimant, the employer, HMRC and DWP. DWP commented that employer compliance, particularly around RTI reporting ‘on or before’ payments are made, was much improved, and although they receive around 2,000 disputed earnings assessments each week about 70% of the assessments, which are based on the RTI data, prove to be correct.

Collection of Student Loans (CSL) Consultation Group

The group held its second quarterly meeting of 2019 on 4 June and most of the time was taken up with updates from HMRC, the Department for Education (DfE) and the Student Loans Company (SLC).

HMRC reported back on the implementation of the collection of Postgraduate Student Loans (PGLs) through the tax system, which commenced in April 2019. A knock-on effect of the error with the publishing of the new starter checklist earlier in the year has been many employers continuing to use the wrong starter checklist for new employees! HMRC have also started ‘more frequent data sharing’ (MFDS) of RTI data with SLC and weekly files (plus the first monthly payments file) have been validated and passed to SLC. The increase in the repayment threshold for Scottish borrowers from 2021 was noted. This will require HMRC to introduce a new plan type to identify those borrowers.

Lastly, the DfE provided a brief overview of the report on Post-18 education (an increase in the threshold and number of years to repay is recommended, together with a widening of the income to take account of). The government’s response is not however expected until the autumn.

Statutory Payments Consultation Group (SPCG)

The CIOT was invited to join the SPCG and attended our first meeting on 27 June. The group is a sub-group of the EPG and its remit includes the full range of statutory payments.

The current focus of the group is Statutory Bereavement Pay (SBP), which will be introduced from April 2020. For SBP, the definition of a bereaved parent will be much broader than for other statutory payment purposes and will extend to any unpaid carer of a child where the person has cared for the child for at least four weeks. SBP entitlement will be two weeks (either as one block of two weeks or two separate weekly blocks). Secondary legislation should be published later in the year and we requested that a draft be published this summer. We also asked that SBP guidance be published this year so that, for example, employer processes can be readied to take account of this new statutory benefit before it comes into force.