National Minimum Wage Consultation Forum with Employment and Payroll Group (EPG)

Employment Tax

01 February 2020

A recent discussion of national minimum wage (NMW) issues with HMRC and BEIS has highlighted the need for a standing forum for tax professionals to discuss NMW issues, developments, practice and guidance with government.

On the instigation of members of HMRC's Employment and Payroll Group (EPG), a meeting was organised last year with officials from HMRC and the Department for Business, Energy and Industrial Strategy (BEIS) to discuss NMW issues. The purpose was to open
a dialogue between employer representatives, those responsible for enforcement of NMW rules (HMRC) and those responsible for setting NMW policy (BEIS).

A number of technical issues were discussed to highlight the importance of the sort of challenges employers and advisers face and the need for more clarity. For example, what constitutes a uniform for NMW purposes? It was accepted that this can be a difficult area in practice and agreed that new guidance from BEIS/HMRC would be helpful so that employers can be clear on where they stand.

Other aspects discussed included salary sacrifice arrangements (for example, what constitutes a sacrifice and what amounts to a deduction from pay), payments to employer-provided savings clubs, pay frequencies and overtime payments. Representatives noted that employers were often faced with inadvertent technical failures, but that these are treated by HMRC no differently from much more serious breaches.

The meeting was constructive and there was a positive dialogue with BEIS and HMRC on what might be done to address areas of uncertainty and confusion around NMW, communicate clear guidance to employers and representatives, and discuss emerging issues. It is hoped that this will lead to the establishment of a permanent forum to allow for discussion and consultation on NMW issues, developments, practice and guidance, etc.

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