HMRC Forum meetings

Employment Tax **OMB**

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A brief overview of HMRC meetings of the Employment and Payroll Group, Collection of Student Loans Group, the Construction Forum and the Small Business Technical Forum attended by representatives of the CIOT, LITRG and ATT.

In this article, we summarise the main points from the March 2021 meetings of four of HMRC's forums, which are attended by CIOT, LITRG and ATT volunteers. HMRC will publish the minutes of meetings on GOV.UK in due course.

Collection of Student Loans Consultation Group

The group met on 2 March and is attended by representatives of CIOT, LITRG and ATT. The main agenda item was the introduction of a separate student loan repayment threshold for Scottish borrowers with effect from 6 April 2021, which has required revising the New Starter Checklist and the issuing of change of plan type start notices (the 'plan 4' notices were sent to employers in March 2021). Other matters discussed included HMRC's more frequent data sharing with the Student Loans Company and the processing of self-assessment returns in respect of student loans payments.

Employment and Payroll Group

The group is the main HMRC forum for employment tax related matters and met on 17 March. The forum is attended by representatives of CIOT and ATT and meets quarterly.
The Coronavirus Job Retention Scheme, which is to continue until 30 September 2021, and HMRC's publication of employer names was discussed. This was followed by a discussion of the new off-payroll working (OPW) rules which came into effect from 6 April, covering: the amendments to the legislation included in this year's Finance Bill; recent tribunal decisions; HMRC's check employment status for tax tool; and what happens if a business has taken 'reasonable care' in doing an assessment

and wrongly decided that OPW does not apply, accordingly preparing a status determination statement that is incorrect.

Discussions then turned to the new employer's NIC relief for military veterans, which has been introduced with effect from 6 April 2021. Employer's NIC will still have to be collected during 2021/22 and a claim for refund made following the end of the tax year. From 6 April 2022, relief will apply in real time. HMRC then re-capped on the position for social security in relation to those from the EU working in the UK and vice versa.

This was covered by both the Withdrawal Agreement and the Trade and Co-operation Agreement negotiated at the end of last year. Essentially, social security would only be paid in one country, generally where the employee works unless the 'two year rule' applies. Separate rules apply for Norway, Iceland, Liechtenstein and Switzerland.

The meeting ended with a discussion of the 'representative occupier' concession in the context of pensioners who had previously worked through their life on estates and been permitted to continue to live in work-related accommodation in retirement. Concern had been expressed for some time that: (a) pensioners will face an unexpected tax charge on their ex-employer provided living accommodation when the concession is withdrawn from 6 April 2021; and (b) as there is no grandfathering then communication with those pensioners who will be adversely impacted would be key.

Construction Forum

The forum met on 23 March and is attended by CIOT and ATT representatives. The main item of discussion was the new construction industry scheme (CIS) regulations which took effect from 6 April 2021 and associated guidance in respect of the deduction for materials, HMRC's ability to refuse CIS set-offs, and the new definition of a 'deemed contractor'. Also discussed was the VAT reverse charge for construction which came into effect on 1 March 2021. Issues were highlighted relating to the interaction and scope of the CIS rules, including: mismatches such as that heating installations are included but repairs are outside scope; and what happens for reverse charge purposes if a CIS outside scope activity is mistakenly treated as inside scope. The interaction of CIS gross registration and the OPW rules was also raised and HMRC were asked to consider that CIS registration for gross

payment is incompatible with falling within OPW.

Small Business Technical Forum

The forum held its second meeting on 24 March and is attended by CIOT, LITRG and ATT representatives. The meeting was held under ‘Chatham House’ rules and discussions centred around ‘Tax Day’ announcements and ideas to simplify the calculation of taxable profits of the smallest businesses for income tax or corporation tax purposes.

The two main Tax Day consultations of note were the ‘Call for evidence: the tax administration framework: supporting a 21 th century tax system’ and the ‘Call for evidence: timely payment’. Discussions included the inherent difficulties with bringing forward income tax payments, and whether quarterly reporting of income and outgoings would require more detailed tax analysis if quarterly real time payments were required. Discussion then turned to simplifying basis periods in order to, for example, minimise opening years overlaps (potentially a pre-requisite for bringing forward tax payments). This included the pros and cons of a tax year end default accounting period, as well as a discussion as to whether to change the tax year end to be co-terminus with a calendar month end (either 31 March or 31 December).