Employment Taxes Forums

Employment Tax

30 November 2021

A brief overview of the Employment Taxes Forum meetings attended by representatives of the CIOT, LITRG and ATT, including the Employment and Payroll Group, the IR35 Forum, the Expat Tax Forum, the Collection of Student Loans Group, and the Rewards and Employment Engagement Forum.

In this article, we summarise the main points from meetings of various forums that took place this autumn, which are attended by CIOT, LITRG and ATT volunteers. HMRC publishes the minutes of their meetings on GOV.UK.

Employment and Payroll Group

The group is the main HMRC forum for employment tax related matters. The forum is attended by representatives of CIOT and ATT and meets quarterly. The main topics of discussion were the Coronavirus Job Retention Scheme, the new Health and Social Care (HSC) Levy, the NICs holiday for employers of armed forces veterans, the freeports employers NICs relief, HMRC's single customer account, the new rules being introduced on Notification of Uncertain Tax Treatment, and the P11D process.

The HSC Levy will come into effect from April 2023 (with a temporary increase to NICs for 2022/23) and will be a 1.25% tax on earnings for employees, the self-employed and employers.
It is expected to tax earnings in the same way as NICs, except that it will also apply to the earnings of those over state pension age. Several points were raised with HMRC regarding the scope and mechanics of the levy and detailed technical guidance was requested to be published as soon as possible.

IR35 Forum

This group is attended by the CIOT and recent discussions have included the future of the forum, HMRC's compliance activity (where HMRC has identified contracted-out

services to be a problematic area) and their ‘compliance check’ letters. The group has also discussed tax offsets following status recategorisations; for example, where the worker or their personal service company has already paid dividend tax or corporation tax on payments received but the work is subsequently recategorised as within the off-payroll working rules and the end client or agency is liable for PAYE and NICs. While HMRC agree that they should not be collecting more tax than is due, a legislative approach to offsetting tax already paid is not proposed.
Following the meeting, the non-HMRC members of the forum wrote to the new Financial Secretary to the Treasury regarding the tax offsets issue and, in particular, the need to tax fairly and make sure the right party pays the right amount of tax (for example, in line with HMRC’s Charter). Engagement on this matter is continuing between representative bodies and HMRC.

Joint Forum on Expatriate Tax and NICs (Expat Tax Forum)

This forum is attended by the CIOT, and recent discussions have included the lengthy delays in processing ‘S690’ applications, as well as in processing payroll specific amendments (for example, NT codes) more generally. The forum has also discussed the difficulties in obtaining Unique Taxpayer Reference numbers for taxpayers, especially for foreign nationals on a local UK contracts and UK outbounds, and Scottish taxpayers (where the Scottish rate has been incorrectly disapplied).

Collection of Student Loans Consultation Group

CIOT, LITRG and ATT representatives all participate in the Collections of Student Loans Consultation Group. Topics discussed included the Scottish student loans threshold introduced on 6 April 2022; HMRC’s work on ensuring that employers operate the correct plan type; and HMRC’s more frequent data sharing with the Student Loans Company of student loan deductions reported by employers through the RTI system and how HMRC is verifying in-year data sent to the Student Loans Company with end of year totals.

Reward and Employment Engagement Forum

This group is an independent external stakeholder forum with a special interest in payroll matters to which HMRC are regularly invited. It is attended by ATT, CIOT and LITRG representatives. It meets three or four times a year and at the last meeting there were guest attendees from the Cabinet Office to discuss how to make all forms on GOV.UK accessible, easy to use and easy to process. Feedback from the forum’s

members was that improvements to online forms would be a welcome. However, it also needs to be recognised that not everything can be done online, or online in one go, so printable versions and save and return options should be available. For agents in particular, there should also be the ability to complete more than one form at the same time.