HMRC’s employment taxes forums

Employment Tax

01 May 2016

CIOT reports on the recent forum meetings with HMRC

Following up on our round-up of HMRC employment taxes forums in February’s *Tax Adviser* we report on three recent forum meetings with HMRC:

Employment and Payroll Group (EPG)

The EPG met in March and discussion focused on HMRC’s RTI post-implementation review (PIR) and the apprenticeship levy.

The PIR is not a policy review and will not, for example, look at the on or before requirement or the ending of the micro-employers’ easement. Instead it is looking at potential HMRC operational improvements and to inform the Revenue’s future work on the digital agenda. The CIOT and ATT are participating in the review.

As mentioned above in the article on the Budget and the Finance (No.2) Bill, our concerns about the apprenticeship levy have been largely ignored. This is despite representations made at the EPG on (a) connected companies (such as ‘family’ groups) with their own payrolls where each is under £3m and the inability to fully use the £15,000 allowance, and (b) in respect of the decision to pro-rate the levy allowance so that £1,250 is received each month, rather than allowing the full £15,000 to be utilised in Month 1.

Employment Related Securities (ERS) Forum

Much of February’s meeting was spent on HMRC’s ERS online service, launched last year. HMRC has acknowledged the difficulties with it, which resulted in a temporary switch-off and the requirement for some agents and employers to resubmit share scheme returns. HMRC believes about 3,000 returns are still outstanding and

reminders have been sent.

It is understood that some service improvements have been made for 2015/16. HMRC advised that it expects that the online service will accept submissions of EMI (enterprise management incentives) and ‘Other’ (relating to non-tax advantaged schemes) returns only in .ods format at the start of the filing period on 6 April 2016. Submissions of other returns in .ods and those in the less widely used .csv format should, by the time you read this, have started to be accepted. It is anticipated that HMRC will be able to accept all submission types and formats before the 5 July 2016 filing deadline.

The CIOT will be interested to hear from members whether the changes to HMRC’s online service have been effective and have addressed the problems many members experienced and reported to us last year.

Collection of Student Loans Consultation Group (CSL)

The CSL met in March, when the main agenda item was the introduction of deductions to repay ‘Plan 2’ student loans. These loans are to borrowers who took out their loans in England and Wales on or after 1 September 2012 and are subject to a repayment threshold of earnings above £21,000 instead of the £17,495 threshold for the existing loans (now known as ‘Plan 1’ loans).

Employers must now enter a plan type (1 or 2) into their payroll systems for new starters (or on receipt of a Start Notice from HMRC (SL1)). HMRC’s Starter Checklist has been updated to remind employers to collect this extra information (and a printable pdf version of this has been published on GOV.UK). If a new employee fails to provide a plan type the default is ‘Plan 1’ until advised otherwise by HMRC. If deduction is wrongly made under Plan 1 the employer should not refund any over deduction but should refer the employee to the Student Loan Company.

Finally, HMRC will undertake a random review of deductions in May to check that employers are deducting correctly. HMRC will also now send employers an electronic prompt if a deduction was expected and none is shown on the FPS.