Finance Bill 2023-24 Briefings: Employment taxes

Employment Tax



19 January 2024

CIOT has provided representations to parliamentarians for the Finance Bill 2023-24 Public Bill Committee on the employment taxes and pensions clauses.

Clause 13: Enterprise management incentives: time limits

The legislation extends the time limit for an employer company to notify HMRC of a grant of enterprise management incentive (EMI) options from 92 days after the date of the grant of the option to 6 July following the end of the tax year in which the option was granted. The amendments will have effect in relation to share options granted on or after 6 April 2024.

We welcomed the change that will align the notification time limit for EMI options with that of other employment-related share schemes.

Clause 14 and Schedule 9: Provision in connection with abolition of the lifetime allowance charge

The legislation sets out the new tax treatment of lump sums and lump sum death benefits paid from registered pension schemes. The changes have effect on or after 6 April 2024.

We have raised concerns that implementing the new rules from 6 April may cause problems for pension administrators because, for example, direct contribution schemes need to provide information to members about their retirement options at least four months before their normal pension age. We therefore suggested delaying the implementation of the changes until 6 October 2024.

Clause 15: MPs’ pension scheme, etc.: rectification of discrimination

The legislation provides the Treasury with the power to make regulations to address the tax impacts of a rectification exercise to remedy age-related discrimination when pensions were reformed under pension schemes for Members of Parliament from 2015, and under pension schemes for members of the Senedd and members of the Northern Ireland Assembly from 2016.

The changes are capable of having retrospective effect in order to ensure that individuals are, as far as possible, put in the tax position they would have been in had the discrimination not occurred.

We welcomed the government’s commitment to remedy the identified age discrimination and mitigate the tax impacts arising from this.

Clause 17: PAYE regulations: special types of payer or payee

The legislation gives HMRC the power to make regulations that will enable it to set off amounts of tax already paid by a worker and their intermediary on income from engagements under the off-payroll working rules against a subsequent PAYE liability of their deemed employer. The provision comes into effect from 6 April 2024 and can apply to deemed direct payments made on or after 6 April 2017.

The CIOT has argued for this set-off to be legislated for since the off-payroll working rules were introduced in 2017. We welcomed the proposal to remedy the present situation whereby, in compliance settlements between HMRC and public bodies, the result is that the public body effectively bears all the tax out of public funds and the worker (and their limited company) is entitled to reclaim the corporation tax, income tax (usually dividend tax) and (in certain circumstances) NICs they have paid.

The full briefings can be found here: www.tax.org.uk/ref1281

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